

LBS BINA GROUP BERHAD
(Company No. 518482-H)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
31 DECEMBER 2012

**Registered office and
principal place of business:
Plaza Seri Setia, Level 1-4
No.1, Jalan SS9/2
47300 Petaling Jaya
Selangor Darul Ehsan**

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2012

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LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal Activities

The principal activities of the Company are management and investment holding. The principal activities of the subsidiary companies and associated companies are disclosed in Notes 50 and 51 respectively.

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

Financial Results

	Group RM	Company RM
Net profit for the financial year		
Profit after tax from continuing operations	47,793,693	8,662,458
Loss after tax from discontinued operations	(8,790,263)	-
Net profit for the financial year	<u>39,003,430</u>	<u>8,662,458</u>
Attributable to:		
Owners of the parent	37,159,515	8,662,458
Non-controlling interest	<u>1,843,915</u>	<u>-</u>
	<u>39,003,430</u>	<u>8,662,458</u>

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

Dividend

Since the end of the last financial year, the Company paid:

	RM
First and final dividend of 2.5 sen less 25% taxation on 381,225,857 ordinary shares of RM1.00 each, in respect of the financial year ended 31 December 2011 on 27 September 2012	<u>7,147,992</u>

Dividend (Cont'd)

The Board of Directors have proposed a first and final dividend of 2.5 sen per ordinary share of RM1.00 each, less 25% taxation in respect of the current financial year. The proposed first and final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements for the current financial year. Such dividend when approved by shareholders will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2013.

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

There were no shares or debentures issued during the financial year.

Treasury Shares

The Company has obtained its shareholders' approval and renewed the authority for the Company to purchase up to 10% of its own issued and paid-up share capital of the Company at the Extraordinary General Meeting and Annual General Meeting held on 3 January 2012 and 28 June 2012 respectively.

During the financial year, the Company repurchased 5,336,700 ordinary shares of RM1.00 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.83 per share. The total consideration paid for the repurchase including transaction costs was amounting to RM4,406,841. The shares repurchased were held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at 31 December 2012, the Company held 5,336,700 treasury shares out of the total 386,552,557 issued ordinary shares. Further relevant details are disclosed in Note 24 to the financial statements.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year, except for the LBS Bina Group Berhad Employee Share Option Scheme.

Warrant Reserves

The Warrants 2008/2018 were constituted under the Deed Poll dated 30 April 2008.

As at 31 December 2012, the total number of Warrants that remain unexercised were 154,076,578 (2011: 154,076,578).

Employee Share Option Scheme

The Company has established a New Employees' Share Option Scheme ("New ESOS") which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012 to replace the Company's previous ESOS which was implemented on 16 September 2002 and expired on 15 September 2012.

The New ESOS became effective for a period of 10 years from 18 September 2012 to 17 September 2022. The salient features and other terms of the New ESOS are disclosed in Note 39.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than Directors, who have been granted options to subscribe for less than 945,000 ordinary shares of RM1.00 each. No employees were granted options to subscribe for 945,000 or more ordinary shares of RM1.00 each during the financial year.

The movement of options over unissued shares of the Company granted under the New ESOS during the financial year are disclosed in Note 39 to the financial statements.

Details of the options granted to Directors are disclosed in the section of Directors' interests in this report.

Directors

The Directors of the Company in office since the date of the last report are as follows:

Dato' Seri Lim Bock Seng, S.S.S.A., D.P.M.S., A.M.N.

Dato' Kamaruddin bin Abdul Ghani, D.I.M.P., S.M.P., A.M.N.

Dato' Lim Hock San, D.S.S.A., J.P.

Datuk Lim Hock Guan, D.M.S.M., P.J.K., J.P.

Dato' Lim Hock Sing, D.I.M.P., J.P.

Datuk Lim Hock Seong, D.M.S.M.

Chia Lok Yuen

Lim Mooi Pang

Tan Sri Dato' Seri Utama (DR) Haji Abu Hassan bin Haji Omar,
P.S.M., S.P.M.S., S.M.T., P.I.S., F.C.I.L.T., F.M.I.P.

Maj. Jen. Dato' Mohamed Isa bin Che Kak (B), J.S.D.,

K.M.N., P.P.T., S.M.P., D.S.D.K., J.M.N., D.P.T.S, P.S.A.T.

Dato' Wong Woon Yow, D.S.S.A.

Mohd Fazil bin Shafie

Kong Sau Kian

Directors' Interests

Details of holdings and deemed interests in the share capital, options, warrants over the shares and debentures of the Company or its related corporations by the Directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	No. of ordinary shares of RM1.00 each			
	At 1.1.2012	Acquired	Disposed	At 31.12.2012
LBS Bina Group Berhad				
Direct interest				
Dato' Seri Lim Bock Seng	350,000	-	-	350,000
Dato' Lim Hock San	2,803,800	647,800	-	3,451,600
Maj. Jen. Dato' Mohamed Isa bin Che Kak (B)	34,284	30,000	-	64,284
Dato' Wong Woon Yow	50,000	100,000	-	150,000
Chia Lok Yuen	105,000	45,000	-	150,000
Mohd Fazil bin Shafie	2,000,000	-	-	2,000,000
Lim Mooi Pang	492,900	-	-	492,900
Datuk Lim Hock Seong	184,500	-	-	184,500
Datuk Lim Hock Guan	2,607,100	1,411,700	-	4,018,800
LBS Bina Group Berhad				
Indirect interest				
Dato' Seri Lim Bock Seng ¹	3,655,500	-	22,000	3,633,500
Dato' Lim Hock San ²	184,145,360	6,339,700	-	190,485,060
Datuk Lim Hock Guan ²	184,060,360	6,339,700	-	190,400,060
Dato' Lim Hock Sing ²	184,213,360	6,339,700	-	190,553,060
Datuk Lim Hock Seong ²	184,143,360	6,339,700	-	190,483,060
Tan Sri Dato' Seri Utama (DR) Haji				
Abu Hassan bin Haji Omar ¹	548,000	-	65,000	483,000
Dato' Wong Woon Yow ¹	500,000	100,000	-	600,000

Directors' Interests (Cont'd)

	No. of options over ordinary shares of RM1.00 each ("ESOS")			
	At 1.1.2012	Expired	Granted	At 31.12.2012
LBS Bina Group Berhad				
Direct interest				
Dato' Seri Lim Bock Seng	1,000,000	1,000,000	1,050,000	1,050,000
Dato' Kamaruddin bin Abdul Ghani	1,000,000	1,000,000	945,000	945,000
Dato' Lim Hock San	2,000,000	2,000,000	2,100,000	2,100,000
Datuk Lim Hock Guan	1,800,000	1,800,000	1,875,000	1,875,000
Dato' Lim Hock Sing	1,800,000	1,800,000	1,875,000	1,875,000
Datuk Lim Hock Seong	1,800,000	1,800,000	1,875,000	1,875,000
Chia Lok Yuen	900,000	900,000	1,350,000	1,350,000
Tan Sri Dato' Seri Utama (DR) Haji Abu Hassan bin Haji Omar	1,000,000	1,000,000	735,000	735,000
Maj. Jen. Dato' Mohamed Isa bin Che Kak (B)	1,000,000	1,000,000	945,000	945,000
Dato' Wong Woon Yow	1,000,000	1,000,000	735,000	735,000
Mohd Fazil bin Shafie	1,000,000	1,000,000	945,000	945,000
Kong Sau Kian	1,000,000	1,000,000	945,000	945,000
Lim Mooi Pang	1,300,000	1,300,000	945,000	945,000

	No. of Warrants 2008/2018			
	At 1.1.2012	Acquired	Disposed	At 31.12.2012
LBS Bina Group Berhad				
Direct interest				
Dato' Seri Lim Bock Seng	140,000	-	-	140,000
Chia Lok Yuen	50,000	-	-	50,000
Dato' Wong Woon Yow	20,000	-	-	20,000
Datuk Lim Hock Guan	1,192,960	133,200	-	1,326,160
LBS Bina Group Berhad				
Indirect interest				
Dato' Seri Lim Bock Seng ¹	904,000	-	-	904,000
Dato' Lim Hock San ³	106,078,946	-	-	106,078,946
Datuk Lim Hock Guan ³	106,078,946	-	-	106,078,946
Dato' Lim Hock Sing ²	106,133,746	-	-	106,133,746
Datuk Lim Hock Seong ³	106,078,946	-	-	106,078,946
Dato' Wong Woon Yow ¹	100,000	-	-	100,000

Directors' Interests (Cont'd)

Note:

- ¹ *Deemed interests pursuant to Section 134(12)(c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse and/or child direct interests in the Company.*
- ² *Deemed interests pursuant to Section 134(12)(c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse and/or child direct interests in the Company and Section 6A of the Companies Act, 1965 by virtue of their direct interests in Intelrich Sdn. Bhd.*
- ³ *Deemed interests pursuant to Section 6A of the Companies Act, 1965 by virtue of their direct interests in Intelrich Sdn. Bhd.*

By virtue of their interests in the shares of the Company, Dato' Lim Hock San, Datuk Lim Hock Guan, Dato' Lim Hock Sing and Datuk Lim Hock Seong are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the LBS Bina Group Berhad ESOS.

Other Statutory Information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written-off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

Other Statutory Information (Cont'd)

- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liabilities of the Group and of the Company have become enforceable or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Significant Events

The significant events are disclosed in Note 47 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 48 to the financial statements.

Company No.

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Auditors

The auditors, Messrs UHY, have expressed their willingness to accept re-appointment.

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

DATO' LIM HOCK SAN, D.S.S.A., J.P.

CHIA LOK YUEN

5 April 2013

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 15 to 148 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 149 have been compiled 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 and the directive of Bursa Malaysia Securities Berhad.

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

DATO' LIM HOCK SAN, D.S.S.A., J.P.

CHIA LOK YUEN

5 April 2013

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

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

I, LIM MOOI PANG, being the Director primarily responsible for the financial management of LBS BINA GROUP BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 15 to 148 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at KUALA LUMPUR in the)
Federal Territory on 5 April 2013)

LIM MOOI PANG

Before me,

COMMISSIONER FOR OATHS
LEONG CHIEW KEONG
W 409

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LBS BINA GROUP BERHAD**

(Company No. : 518482-H)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of LBS Bina Group Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 148.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia and 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 risk 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LBS BINA GROUP BERHAD (CONT'D)**

(Company No. : 518482-H)

(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 50.
- (c) We are satisfied that the accounts of the subsidiary companies 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.
- (d) The audit reports on the accounts of the subsidiary companies 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 on page 149 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 the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LBS BINA GROUP BERHAD (CONT'D)**

(Company No. : 518482-H)

(Incorporated in Malaysia)

Other Matters

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

UHY

Firm Number: AF 1411

Chartered Accountants

STEPHEN WAN YENG LEONG

Approved Number: 2963/07/13 (J)

Chartered Accountant

KUALA LUMPUR

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	3	15,333,394	214,116,458	-	-
Capital work-in-progress	4	1,746,404	6,744,696	-	-
Land and property development costs	5	337,685,834	484,574,939	-	-
Investment properties	6	6,440,760	5,250,849	-	-
Investment in subsidiary companies	7	-	-	393,366,006	393,366,006
Investment in associated companies	8	2,701,763	2,585,803	-	-
Trade receivables	9	17,127,716	23,520,000	-	-
Other receivables	10	21,539,700	22,271,340	-	-
Other investments	11	1,253,500	1,253,500	-	-
Goodwill on consolidation	12	103,237,357	120,487,772	-	-
Deferred tax assets	13	112,500	-	-	-
		<u>507,178,928</u>	<u>880,805,357</u>	<u>393,366,006</u>	<u>393,366,006</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (CONT'D)

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Current Assets					
Land and property development costs	5	69,429,333	70,517,684	-	-
Inventories	14	13,593,510	17,850,045	-	-
Amount owing by customers on contracts	15	592,519	411,541	-	-
Accrued billing in respect of property development costs		110,492,774	140,390,750	-	-
Trade receivables	9	158,381,593	134,689,207	-	-
Other receivables	10	21,755,708	87,538,718	4,500	10,586,198
Tax recoverable		4,533,323	5,449,921	3,839,550	2,846,043
Amount owing by subsidiary companies	16	-	-	66,231,446	134,234,568
Fixed deposits with licensed banks	17	40,203,331	28,900,452	38,645,711	27,510,000
Cash held under Housing Development Accounts	18	36,936,008	37,663,632	-	-
Cash and bank balances	19	19,957,526	65,269,134	938,771	3,951,566
		<u>475,875,625</u>	<u>588,681,084</u>	<u>109,659,978</u>	<u>179,128,375</u>
Non-current assets classified as held for sale	20	4,679,036	-	-	-
Assets of disposal group classified as held for sale	21	447,274,728	-	-	-
Total Current Assets		<u>927,829,389</u>	<u>588,681,084</u>	<u>109,659,978</u>	<u>179,128,375</u>
Total Assets		<u>1,435,008,317</u>	<u>1,469,486,441</u>	<u>503,025,984</u>	<u>572,494,381</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (CONT'D)

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Equity and Liabilities					
Equity					
Share capital	22	386,552,557	386,552,557	386,552,557	386,552,557
Share premium	23	16,945,016	16,945,016	16,945,016	16,945,016
Treasury shares	24	(4,406,841)	-	(4,406,841)	-
Other reserves	25	(21,280,284)	(17,561,024)	18,211,178	15,513,236
Retained profits/ (Accumulated losses)		67,294,676	36,598,771	(117,666,285)	(119,741,415)
Equity attributable to owners of the parent		445,105,124	422,535,320	299,635,625	299,269,394
Non-controlling interest		81,726,359	84,014,510	-	-
Total Equity		526,831,483	506,549,830	299,635,625	299,269,394
Non-Current Liabilities					
Islamic Securities	26	75,000,000	135,000,000	75,000,000	135,000,000
Bank borrowings	27	223,085,243	245,268,985	58,405,090	107,582,436
Trade payables	28	27,543,768	23,970,259	-	-
Other payables	29	59,420,085	68,423,125	-	-
Finance lease payables	30	2,293,307	2,168,310	-	-
Deferred tax liabilities	31	113,770	77,770,264	-	-
		387,456,173	552,600,943	133,405,090	242,582,436

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (CONT'D)

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Current Liabilities					
Amount owing to customers on contracts	15	2,249,721	2,702,911	-	-
Progress billing in respect of property development costs		37,872,583	18,387,391	-	-
Trade payables	28	124,889,517	109,295,686	-	-
Other payables	29	112,747,265	142,129,271	1,511,516	2,887,271
Bank overdrafts	32	28,587,302	39,845,877	8,448,930	7,941,107
Finance lease payables	30	963,404	844,091	-	-
Bank borrowings	27	99,398,562	56,486,431	57,632,622	18,781,690
Amount owing to subsidiary companies	16	-	-	2,392,201	1,032,483
Tax payable		36,367,629	40,644,010	-	-
		<u>443,075,983</u>	<u>410,335,668</u>	<u>69,985,269</u>	<u>30,642,551</u>
Liabilities of disposal group classified as held for sale	21	77,644,678	-	-	-
Total Current Liabilities		<u>520,720,661</u>	<u>410,335,668</u>	<u>69,985,269</u>	<u>30,642,551</u>
Total Liabilities		<u>908,176,834</u>	<u>962,936,611</u>	<u>203,390,359</u>	<u>273,224,987</u>
Total Equity and Liabilities		<u>1,435,008,317</u>	<u>1,469,486,441</u>	<u>503,025,984</u>	<u>572,494,381</u>

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

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	Note	2012 RM	2011 RM (restated)	2012 RM	2011 RM
Continuing operations					
Revenue	33	509,644,355	425,295,150	21,610,560	19,095,840
Cost of sales	34	(363,416,449)	(293,850,497)	-	-
Gross profit		<u>146,227,906</u>	<u>131,444,653</u>	<u>21,610,560</u>	<u>19,095,840</u>
Other income		14,815,295	6,238,738	1,966,191	1,726,566
Operating expenses		(67,470,147)	(52,532,273)	(4,858,275)	(2,293,769)
Profit from operations		<u>93,573,054</u>	<u>85,151,118</u>	<u>18,718,476</u>	<u>18,528,637</u>
Finance costs	35	(18,457,247)	(17,182,944)	(5,735,301)	(7,081,883)
Share of losses in associated companies		(101,547)	(223,734)	-	-
Profit before taxation	36	<u>75,014,260</u>	<u>67,744,440</u>	<u>12,983,175</u>	<u>11,446,754</u>
Taxation	37	(27,220,567)	(25,752,578)	(4,320,717)	(3,520,378)
Profit from continuing operations		<u>47,793,693</u>	<u>41,991,862</u>	<u>8,662,458</u>	<u>7,926,376</u>
Discontinued operations					
Loss from discontinued operations	21	(8,790,263)	(3,938,795)	-	-
Profit for the financial year		<u>39,003,430</u>	<u>38,053,067</u>	<u>8,662,458</u>	<u>7,926,376</u>
Other comprehensive income					
Foreign currency translation differences on foreign operation		(7,194,894)	17,859,169	-	-
Total comprehensive income for the financial year		<u>31,808,536</u>	<u>55,912,236</u>	<u>8,662,458</u>	<u>7,926,376</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

		Group		Company	
	Note	2012 RM	2011 RM (restated)	2012 RM	2011 RM
Profit for the financial year attributable to:					
Owners of the parent		37,159,515	34,299,755	8,662,458	7,926,376
Non-controlling interest		1,843,915	3,753,312	-	-
		<u>39,003,430</u>	<u>38,053,067</u>	<u>8,662,458</u>	<u>7,926,376</u>
Total comprehensive income for the financial year attributable to:					
Owners of the parent		31,414,189	46,388,243	8,662,458	7,926,376
Non-controlling interest		394,347	9,523,993	-	-
		<u>31,808,536</u>	<u>55,912,236</u>	<u>8,662,458</u>	<u>7,926,376</u>
Earnings per share attributable to the owners of the parent (sen)					
Basic earnings per share	38(a)				
Profit from continuing operations		12.47	10.86		
Loss from discontinued operations		(2.29)	(1.02)		
Total		<u>10.18</u>	<u>9.84</u>		
Earnings per share attributable to the owners of the parent (d)					
Diluted earnings per share	38(b)				
Profit from continuing operations		12.47	10.86		
Loss from discontinued operations		(2.29)	(1.02)		
Total		<u>10.18</u>	<u>9.84</u>		

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

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

Group	Note	Attributable to Owners of the Parent				Non-controlling Interest RM	Total Equity RM
		Share Capital RM	Non-distributable Share Premium RM	Other Reserves RM	Distributable Retained Profits RM	Total RM	
At 1 January 2011		386,552,557	16,945,016	19,708,379	2,171,126	425,377,078	532,312,072
Profit for the financial year		-	-	-	34,299,755	34,299,755	38,053,067
Foreign currency translation		-	-	12,088,488	-	12,088,488	17,859,169
Total comprehensive income for the financial year		-	-	12,088,488	34,299,755	46,388,243	55,912,236
Transactions with owners:							
Acquisition of additional interest from non-controlling interest		-	-	-	-	(30,092,477)	(30,092,477)
Dividend paid to non-controlling interest		-	-	-	-	(2,352,000)	(2,352,000)
Realisation of subsidiary company's reserve		-	-	(127,890)	127,890	-	-
Reserve from additional control in subsidiary companies		-	-	(49,453,220)	-	(49,453,220)	(49,453,220)
Share based payment		-	-	223,219	-	223,219	223,219
Total transactions with owners		-	-	(49,357,891)	127,890	(49,230,001)	(81,674,478)
At 31 December 2011		386,552,557	16,945,016	(17,561,024)	36,598,771	422,535,320	506,549,830

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)**

Group	Note	Attributable to Owners of the Parent					Total RM	Non- controlling Interest RM	Total Equity RM
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury shares RM	Distributable Retained Profits RM			
At 1 January 2012		386,552,557	16,945,016	(17,561,024)	-	36,598,771	422,535,320	84,014,510	506,549,830
Profit for the financial year		-	-	-	-	37,159,515	37,159,515	1,843,915	39,003,430
Foreign currency translation		-	-	(5,745,326)	-	-	(5,745,326)	(1,449,568)	(7,194,894)
Total comprehensive income for the financial year		-	-	(5,745,326)	-	37,159,515	31,414,189	394,347	31,808,536
Transactions with owners:									
Acquisition of additional interest from non-controlling interest		-	-	-	-	-	-	329,628	329,628
Changes in ownership interest in a subsidiary		-	-	(620,284)	-	-	(620,284)	-	(620,284)
Dilution on investment in subsidiary		-	-	-	-	72,126	72,126	(72,126)	-
Dividend paid to non-controlling interest		-	-	-	-	-	-	(2,940,000)	(2,940,000)
Dividend paid	41	-	-	-	-	(7,147,992)	(7,147,992)	-	(7,147,992)
Own shares acquired	24	-	-	-	(4,406,841)	-	(4,406,841)	-	(4,406,841)
Realisation of subsidiary company's reserve		-	-	(51,592)	-	51,592	-	-	-
Realisation of ESOS's reserves		-	-	(560,664)	-	560,664	-	-	-
Share based payment		-	-	3,258,606	-	-	3,258,606	-	3,258,606
		-	-	2,026,066	(4,406,841)	(6,463,610)	(8,844,385)	(2,682,498)	(11,526,883)
At 31 December 2012		386,552,557	16,945,016	(21,280,284)	(4,406,841)	67,294,676	445,105,124	81,726,359	526,831,483

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)**

Company	Note	Non-distributable					Accumulated Losses RM	Total RM
		Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrant Reserve RM	Treasury Shares RM		
At 1 January 2011		386,552,557	16,945,016	337,445	14,952,572	-	(127,667,791)	291,119,799
Total comprehensive income for the financial year		-	-	-	-	-	7,926,376	7,926,376
Transaction with owners:								
Share based payment		-	-	223,219	-	-	-	223,219
At 31 December 2011		386,552,557	16,945,016	560,664	14,952,572	-	(119,741,415)	299,269,394
At 1 January 2012		386,552,557	16,945,016	560,664	14,952,572	-	(119,741,415)	299,269,394
Total comprehensive income for the financial year		-	-	-	-	-	8,662,458	8,662,458
Transactions with owners:								
Share based payment		-	-	3,258,606	-	-	-	3,258,606
Own shares acquired	24	-	-	-	-	(4,406,841)	-	(4,406,841)
Realisation of ESOS's reserves		-	-	(560,664)	-	-	560,664	-
Dividend paid	41	-	-	-	-	-	(7,147,992)	(7,147,992)
		-	-	2,697,942	-	(4,406,841)	(6,587,328)	(8,296,227)
At 31 December 2012		386,552,557	16,945,016	3,258,606	14,952,572	(4,406,841)	(117,666,285)	299,635,625

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

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	2012	2011
	RM	RM
Cash Flows From Operating Activities		
Profit/(Loss) before taxation from:		
- continuing operations	75,014,260	67,744,440
- discontinued operations	(9,958,278)	(4,967,116)
Adjustment for:		
Bad debts written off	655,102	622,749
Capital work-in-progress written off	242,448	-
Deposits written off	-	15,500
Depreciation of investment properties	133,249	113,374
Depreciation of property, plant and equipment	13,660,434	13,454,790
Development costs written off	-	290,992
Loss on disposal of associated company	490,000	-
Impairment of goodwill arising on consolidation	11,330,050	5,586,866
Impairment on investment properties	1,400	610,793
Impairment on trade and other receivables	2,357,549	4,814,585
Inventories written down	659,752	1,704,674
Interest expense	18,457,247	17,182,944
Property, plant and equipment written off	203,099	370,875
Share of losses in associated companies	101,547	223,734
Share based payment	3,258,606	223,219
Fair value adjustment on non-current assets and non-current liabilities, net	(3,439,524)	-
Gain on disposal of associated company	-	(149,936)
Gain on disposal of investment properties	-	(7,394)
Gain on disposal of property, plant and equipment	(252,891)	(79,132)
Gain on disposal of subsidiary companies	-	(393,390)
Interest income	(2,663,290)	(2,039,738)
Reversal of contingency sum provided in prior years	(3,816,640)	-
Reversal of impairment for land and property development costs	(16,052)	-
Balance carried down	<u>106,418,068</u>	<u>105,322,829</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	2012 RM	2011 RM
Balance brought down	106,418,068	105,322,829
Reversal of impairment for inventories	(1,704,674)	-
Reversal of impairment on foreseeable loss on construction contract	(44,883)	(1,152)
Reversal of impairment on trade and other receivables	(280,944)	(385,605)
Unrealised (gain)/loss on foreign exchange	(139,265)	7,801
Waiver of debts	(433,359)	(167,558)
Operating profit before working capital changes	<u>103,814,943</u>	<u>104,776,315</u>
Decrease/(Increase) in working capital		
Inventories	4,458,767	1,187,874
Land and property development costs	331,918	40,653,244
Amount owing by/to customers on contracts	(589,284)	2,451,453
Accrued/Progress billing in respect of property development costs	49,383,168	(79,155,789)
Trade receivables	(47,759,005)	(59,212,607)
Other receivables	12,572,732	(6,039,708)
Trade payables	26,025,025	(13,767,721)
Other payables	19,903,843	15,864,332
Foreign exchange reserve	(2,812,807)	6,984,210
	<u>61,514,357</u>	<u>(91,034,712)</u>
Cash generated from operations	<u>165,329,300</u>	<u>13,741,603</u>
Interest received	2,663,290	2,039,738
Interest paid	(34,929,440)	(25,383,727)
Tax paid	(41,295,531)	(23,231,851)
Tax refund	359,350	682,099
	<u>(73,202,331)</u>	<u>(45,893,741)</u>
Net cash generated from/(used in) operating activities	<u>92,126,969</u>	<u>(32,152,138)</u>

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)**

	2012	2011
	RM	RM
Cash Flows From Investing Activities		
Additional investment in subsidiary companies	(130,000)	(26,972,500)
Proceeds from disposal of associated company	-	(45,000)
Proceeds from disposal of investment properties	-	324,000
Proceeds from disposal of property, plant and equipment	598,900	105,557
Proceeds from disposal of associated company	-	150,000
Net cash inflow from disposal of subsidiary companies	7(b) -	1,019,839
Capital work-in-progress incurred	4 (8,706,714)	(2,179,991)
Purchased of investment properties	(1,324,560)	-
Purchased of property, plant and equipment	3(vi) (4,782,773)	(3,628,191)
Repayment of prior year investment in subsidiary or associated companies	(24,542,621)	-
Net cash used in investing activities	<u>(38,887,768)</u>	<u>(31,226,286)</u>
Cash Flows From Financing Activities		
Increase in fixed deposits pledged	(11,669,028)	(25,192,029)
Decrease in cash and bank balances pledged	5,396,121	23,436,077
Drawdown of bank borrowings	180,831,050	124,851,231
Dividends paid	(7,147,992)	-
Purchase of treasury shares	(4,406,841)	-
Repayment of bank borrowings	(160,598,635)	(39,148,634)
Repayment of finance lease payables	(1,098,290)	(949,341)
Proceeds from issuance of Islamic Securities	-	60,000,000
Repayment of Islamic Securities	(60,000,000)	-
Dividend paid to non-controlling interest	(2,940,000)	(2,352,000)
Net cash (used in)/generated from financing activities	<u>(61,633,615)</u>	<u>140,645,304</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	2012	2011
	RM	RM
Net (decrease)/increase in cash and cash equivalents	(8,394,414)	77,266,880
Effects of exchange rate changes	(886,940)	840,787
Cash and cash equivalents at beginning of the financial year	<u>55,182,092</u>	<u>(22,925,575)</u>
Cash and cash equivalents at the end of the financial year	<u><u>45,900,738</u></u>	<u><u>55,182,092</u></u>
Cash and cash equivalents at the end of the financial year comprise:		
Continuing operations		
Fixed deposits with licensed banks	40,203,331	28,900,452
Cash held under Housing Development Accounts	36,936,008	37,663,632
Cash and bank balances	19,957,526	65,269,134
Bank overdrafts	<u>(28,587,302)</u>	<u>(39,845,877)</u>
	68,509,563	91,987,341
Less: Fixed deposits pledged to licensed banks	(40,203,331)	(28,900,452)
Cash and bank balances pledged	<u>(2,508,676)</u>	<u>(7,904,797)</u>
	25,797,556	55,182,092
Discontinued operations		
Fixed deposits pledged to licensed banks	354,178	-
Cash and bank balances	<u>20,103,182</u>	<u>-</u>
	20,457,360	-
Less: Fixed deposits pledged to licensed banks	<u>(354,178)</u>	<u>-</u>
	20,103,182	-
	<u><u>45,900,738</u></u>	<u><u>55,182,092</u></u>

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

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	2012 RM	2011 RM
Cash Flows From Operating Activities		
Profit before taxation	12,983,175	11,446,754
Adjustments for:		
Impairment on investment in subsidiary companies	-	100,343
Interest expenses	5,735,301	7,081,883
Share based payment	3,258,606	223,219
Interest income	(1,965,882)	(1,726,471)
Dividend income	(21,490,560)	(18,975,840)
Operating loss before working capital changes	(1,479,360)	(1,850,112)
Decrease/(Increase) in working capital		
Other receivables	10,581,698	(906,896)
Other payables	(1,375,755)	707,798
Amount owing to/by subsidiary companies	69,362,840	(52,346,214)
	78,568,783	(52,545,312)
Cash generated from/(used in) operations	77,089,423	(54,395,424)
Dividend received	16,117,920	4,563,000
Interest received	1,965,882	1,726,471
Interest paid	(5,735,301)	(7,081,883)
Tax refund	180,000	678,619
Tax paid	(121,584)	(148,538)
	12,406,917	(262,331)
Net cash generated from/(used) in operating activities	89,496,340	(54,657,755)
Cash Flows From Financing Activities		
Dividend paid	(7,147,992)	-
Increase in fixed deposits pledged	(11,135,711)	(25,980,000)
(Increase)/Decrease in cash and bank balances pledged	(823,340)	3,030,002
Drawdown of bank borrowings	31,293,688	27,236,025
Proceeds from issuance of Islamic Securities	-	60,000,000
Purchase of treasury shares	(4,406,841)	-
Repayment of bank borrowings	(41,620,102)	(2,820,807)
Repayment of Islamic Securities	(60,000,000)	-
Net cash (used in)/generated from financing activities	(93,840,298)	61,465,220

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	2012	2011
	RM	RM
Net (decrease)/increase in cash and cash equivalents	(4,343,958)	6,807,465
Cash and cash equivalents at beginning of the financial year	<u>(4,090,087)</u>	<u>(10,897,552)</u>
Cash and cash equivalents at end of the financial year	<u><u>(8,434,045)</u></u>	<u><u>(4,090,087)</u></u>
Cash and cash equivalents at end of the financial year comprise:		
Fixed deposits with licensed banks	38,645,711	27,510,000
Cash and bank balances	938,771	3,951,566
Bank overdrafts	<u>(8,448,930)</u>	<u>(7,941,107)</u>
	31,135,552	23,520,459
Less: Fixed deposits pledged with licensed banks	(38,645,711)	(27,510,000)
Cash and bank balances pledged	<u>(923,886)</u>	<u>(100,546)</u>
	<u><u>(8,434,045)</u></u>	<u><u>(4,090,087)</u></u>

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

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activities of the Company are management and investment holding. The principal activities of the subsidiary companies and associated companies are disclosed in Notes 50 and 51 respectively.

The Company is a public limited liability company, incorporated in Malaysia under the Companies Act, 1965 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 Plaza Seri Setia, Level 1 - 4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

During the financial year, the Group and the Company have adopted the following new Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and Amendments to FRSs and IC Interpretations which are effective and mandatory for the current financial year:

Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Disclosures – Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
FRS 124	Related Party Disclosures (revised)
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(a) Basis of preparation (cont'd)**

Adoption of the above FRSs, IC Interpretations, Amendments to FRSs and IC Interpretations did not have any significant effect on the financial statements of the Group and of the Company, except as discussed below:

(i) FRS 124 Related Party Disclosures (revised)

The revised FRS 124 simplify the definition of a related party, clarifies its intended meaning and eliminates inconsistencies from the definition and gives partial exemption from disclosure for government-related entities. These changes affect disclosures in the financial statements and did not have any impact on the financial results of the Group and of the Company.

(ii) Amendments to FRS 7 Disclosures – Transfer of Financial Assets

The amendment enhances the transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

The Group and the Company have not early adopted the following FRSs, revised FRSs, IC Interpretations and Amendments to FRSs, which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:

		Effective date for financial periods beginning on or after
		<hr/>
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119 (2011)	Employee Benefits	1 January 2013
FRS 127 (2011)	Separate Financial Statements	1 January 2013
FRS 128 (2011)	Investments in Associates and Joint Ventures	1 January 2013

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(a) Basis of preparation (cont'd)**

		Effective date for financial periods beginning on or after
FRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)	1 January 2013
FRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 1	Government Loans	1 January 2013
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRSs contained in the document entitled “Annual Improvements 2009 – 2011 Cycle”		1 January 2013
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10	Investment Entities	1 January 2014
FRS 9 (IFRS 9 (2009))	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
FRS 9 (IFRS 9 (2010))	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

2. **Basis of Preparation and Significant Accounting Policies (Cont'd)**

(a) Basis of preparation (cont'd)

The above FRSs, revised FRSs, IC Interpretations and Amendments to FRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and the initial applications of these FRSs, Amendments to FRSs and IC Interpretations will have no significant impact on the financial statements of the Company, except as discussed below:

FRS 9 Financial Instruments

FRS 9 (IFRS 9 (2009)) replaces the guidance in FRS 139 Financial Instruments: Recognition and Measurement on classification and measurement of financial asset. FRS 9 requires financial asset to be measured at fair value or amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

FRS 9 (IFRS 9 (2010)) includes the requirements for the classification and measurement of financial liabilities and for derecognition. Measurement for financial liability designated as at fair value through profit or loss, requires the amount of change in the fair value of the financial liability, that is attributable to the change of credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Under FRS 139, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

FRS 10 Consolidated Financial Statements

FRS 10 replaces all the guidance on control and consolidation in FRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

FRS 10 changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(a) Basis of preparation (cont'd)****FRS 10 Consolidated Financial Statements (cont'd)**

The adoption of FRS 10 may lead to consolidation of entities that were previously not included in the Group. The Group is currently examining the financial impact of application of FRS 10.

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. The definition of fair value under this standard emphasises the principle that fair value is a market-based measurement, not an entity specific measurement.

The adoption of FRS 13 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 13.

FRS 119 Employee Benefits (2011)

This revised FRS 119 will supersede the existing FRS 119 when effective. This new standard makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. Past service costs, whether unvested or already vested, are recognised immediately in the profit or loss as incurred and the annual defined benefit costs in the profit or loss will include net interest expense/ income on the defined benefit asset/liability.

The adoption of FRS 119 (2011) will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 119 (2011).

FRS 127 Separate Financial Statements (2011)

Upon the adoption of FRS 10, the accounting requirements relating to the preparation of consolidated financial statements are no longer covered under FRS 127. This revised FRS 127 only cover the requirements relating to the accounting for investments in subsidiary companies, associated companies and joint ventures in the separate financial statements of the entity. In such cases, the entity should account for such investments either at cost, or in accordance with FRS 9.

The adoption of FRS 127 (2011) will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 127 (2011).

2. **Basis of Preparation and Significant Accounting Policies (Cont'd)**

(a) Basis of preparation (cont'd)

FRS 128 Investments in Associates and Joint Ventures (2011)

This revised FRS 128 incorporates the requirements for accounting for joint ventures, as well as associates, to be equity accounted following the issue of FRS 11. However, the revised FRS 128 exempts the investor from applying equity accounting in certain circumstances, i.e. where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with FRS 9.

The adoption of FRS 128 (2011) will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 128 (2011).

New Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC Interpretation 15"), including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

On 30 June 2012, the MASB announced that the mandatory effective date for adoption of the new MFRS by the Transitioning Entities deferred from 1 January 2013 to 1 January 2014.

The Group is subject to the application of IC Interpretation 15, therefore falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting the Group's first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group is currently assessing the implications and financial impact of transition to the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if prepared under the MFRS Framework.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(b) Functional and presentation currency**

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

(c) Significant accounting estimates and judgements

The summary of accounting policies are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

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

(i) Useful lives of property, plant and equipment (Note 3)

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2012, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(c) Significant accounting estimates and judgements (cont'd)****(ii) Useful lives of investment properties (Note 6)**

Management estimates the useful lives of the investment properties to be within 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2012, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in adjustment to the Group's assets. A reduction in the estimated useful lives of investment properties would increase the recorded depreciation and decrease the value of investment properties.

(iii) Property development costs (Note 5)

The Group recognises property development revenue and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred, for work performed to date bear to the estimated total property development costs. Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(iv) Impairment of investment in subsidiary companies (Note 7)

The carrying values of investment in subsidiary companies are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Impairment of investment in associated companies (Note 8)

The carrying values of investment in associated companies are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the associated companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(c) Significant accounting estimates and judgements (cont'd)****(vi) Impairment of loans and receivables (Notes 9 and 10)**

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

(vii) Impairment of goodwill on consolidation (Note 12)

The Group in determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(viii) Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

2. **Basis of Preparation and Significant Accounting Policies (Cont'd)**

(c) Significant accounting estimates and judgements (cont'd)

(ix) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; or
- (b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

(x) Construction contracts (Note 15)

The Group recognises construction contracts based on stage of completion method. Revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group assesses the profitability of on-going construction contracts and the order backlog at least monthly, using project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

(xi) Deferred tax assets (Note 13)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences 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.

(xii) Inventories written down (Note 14)

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(c) Significant accounting estimates and judgements (cont'd)****(xiii) Income taxes**

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

(xiv) Employees' Share Option Scheme (Note 39)

The fair value of share options granted during the financial year was estimated by the management using the Black-Scholes-Merton model, taking into accounts the terms and conditions upon which the options were granted. The fair value of share options was measured at Grant Date.

(xv) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

(xvi) Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

2. **Basis of Preparation and Significant Accounting Policies (Cont'd)**

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies, its associate companies through equity accounting, which have been prepared in accordance with the Group's accounting policies, and are all drawn up to the same reporting period.

In the Company's separate financial statements, investments in subsidiary companies and investment in associate companies are stated at cost less impairment losses in accordance with Note 2(o). On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is recognised in the statements of comprehensive income.

(i) Subsidiary companies

Subsidiary companies are those companies in which the Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

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

(ii) Consolidation

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

Changes in the Company owners' ownership interest in a subsidiary company 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 company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(d) Basis of consolidation (cont'd)****(ii) Consolidation (cont'd)**

The acquisition method of accounting is used to account for the purchase of subsidiary companies. The consideration transferred for acquisition of a subsidiary company is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition related costs are expensed off in the profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in the consolidated statements of comprehensive income.

(iii) Goodwill on consolidation

For acquisitions prior to 1 January 2006, goodwill acquired in a business combination represents the excess of the cost of the acquisition of subsidiary companies over the Group's interest in the fair values of the net identifiable assets (including intangible assets) at the date of acquisition. With the adoption of FRS 3 Business Combinations beginning 1 January 2006, goodwill arising on consolidation represents the excess of the costs of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiary companies acquired at the date of acquisition. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in the statements of comprehensive income.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(d) Basis of consolidation (cont'd)****(iii) Goodwill on consolidation (cont'd)**

Upon adoption of the revised FRS 3 Business Combinations on 1 January 2011, goodwill is measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired, in accordance with Note 12.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(iv) Non-controlling interests

Non-controlling interest is the equity in a subsidiary company not attributable, directly or indirectly, to the Group. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary company's equity since the date of combination.

All earnings and losses of the subsidiary company are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(d) Basis of consolidation (cont'd)****(v) Associates companies**

Associate companies are entities in which the Group has significant influence, but no control, over their financial and operating policies. Investments in associate companies are accounted for using the equity method of accounting. Investments in associate companies include goodwill identified on acquisition, net of any accumulated impairment loss in accordance with Note 2(o).

Equity accounting involves recording investments in associate companies initially at cost, and recognising the Group's share of its associate companies' post-acquisition results and its share of post-acquisition net results and other changes to comprehensive income against the carrying amount of the investments. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate company.

When the Group ceases to have significant influence over an associate company, it is accounted for as a disposal of the entire interest in that associate company, with a resulting gain or loss being recognised in profit or loss. Any retaining investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate company reduces but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

Unrealised gains and losses resulting from transactions between the Group and the associate company are eliminated to the extent of the interest in the associate.

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

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(e) Foreign currency****(i) Foreign currency transactions and balances**

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the rate at the date of transaction.

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

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date. Income and expenses items are translated at the average rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rate at the dates of the transactions are used. Exchange differences arising on the translation are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in equity shall be reclassified to profit or loss when the gain or loss on disposal is recognised.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(f) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 2(o).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained profits.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(f) Property, plant and equipment (cont'd)****(ii) Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property and accounted for in accordance with Note 2(i).

(iii) Subsequent costs

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

(iv) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land and buildings	20 to 50 years
Motor vehicles	5 to 7 years
Office equipment, furniture and fittings	5 to 10 years
Renovations	5 to 10 years
Plant, machinery and equipment	5 to 10 years
Club house	20 years
Golf courses	20 years

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(f) Property, plant and equipment (cont'd)****(iv) Depreciation (cont'd)**

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

(g) Capital work-in-progress

Capital work-in progress consists of expenditure incurred on construction of property, plant and equipment and investment properties which takes a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment and investment properties.

(h) Land and property development costs**(i) Land held for property development**

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 2(o).

Land held for property development is reclassified as current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of financial year and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

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

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(h) Land and property development costs (cont'd)****(ii) Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of financial year or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of financial year or where the activities are expected to be completed within the normal operating cycle.

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

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

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

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

When the revenue recognised in the statements of comprehensive income exceeds billings to purchasers, the balance is shown as accrued billings under current assets. When the billings to purchasers exceed the revenue recognised in the statement of comprehensive income, the balance is shown as progress billings under current liabilities.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(i) Investment properties**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. Properties that are occupied by the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(f).

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful life of 50 years for buildings. Freehold land is not depreciated.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

(j) Financial assets

Financial assets are recognised on the statement of financial position when, and only when the Group and the Company becomes a party to the contractual provisions of the financial instrument.

(i) Classification

The Group and the Company classify its financial assets as loans and receivables and available-for-sale (AFS). The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the statements of financial position date which are presented as non-current assets.

AFS financial assets

AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the statements of financial position date.

2. **Basis of Preparation and Significant Accounting Policies (Cont'd)**

(j) Financial assets (cont'd)

(ii) Recognition and initial measurement

Financial assets classified as loans and receivables and AFS are initially recognised at fair value plus transaction costs.

Regular way purchases and sales of financial assets are recognised on a trade-date basis - the date on which the Group and the Company commit to purchase or sell the asset.

(iii) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Equity instruments which are classified as AFS that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost.

(iv) Impairment

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(j) Financial assets (cont'd)****(iv) Impairment (cont'd)***Loans and receivables (cont'd)*

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, it is written off against the related accumulated impairment losses account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

AFS financial assets

Significant or prolonged declines in the fair value below its cost and the disappearance of an active trading market are considerations whether there is objective evidence that the AFS equity investment is impaired.

The cumulative loss that was recognised in the other comprehensive income shall be reclassified to the profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in the profit or loss on equity securities that are carried at cost are not reversed through the profit or loss.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(j) Financial assets (cont'd)****(v) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

(k) Non-current asset classified as held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

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

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

When non-current assets (or disposal group) are classified as held for sale, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(l) Inventories**

Inventories represent cost of unsold completed development units/properties which is determined on a specific identification basis. The inventories are stated at the lower of cost and net realisable value. 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.

(m) Construction costs

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits, sinking funds account and cash collateral account pledged to secure banking facilities, if any.

(o) Impairment of non-financial assets

The carrying amounts of assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, recoverable amount is estimated at each reporting date or more frequently when indications of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in profit or loss in the period in which it arises. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(o) Impairment of non-financial assets (cont'd)**

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(p) Share capital**(i) Ordinary shares**

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. Cost directly attributable to the issuance of the shares is accounted for as deduction from share premium, otherwise, it is charged to the statement of comprehensive income.

Dividends on ordinary shares, when declared or proposed by the Director of the Company are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as an appropriation of unappropriated profit in the financial year in which the dividends are paid.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

2. **Basis of Preparation and Significant Accounting Policies (Cont'd)**

(q) Financial liabilities

(i) Classification

The Company's financial liabilities comprise payables and borrowings. Financial liabilities are classified as current liabilities; except for maturities more than 12 months after the end of the reporting period, in which case they are classified as non-current liabilities.

Management determines the classification of its financial liabilities at initial recognition.

(ii) Recognition and initial measurement

Financial liabilities are recognised in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are initially recognised at fair value plus transaction cost.

(iii) Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

(iv) Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the 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.

(v) Offsetting of Financial Instruments

A financial asset and financial liability are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(r) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(s) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Property development

Revenue derived from property development activities is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

(ii) Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total contract costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(iii) Goods sold and services rendered

Revenue from sales of goods and services measured at the fair value of the consideration receivable and is recognised when significant risk and rewards have been transferred to the buyer, if any, or upon performance of services, net of sales taxes and discounts.

(iv) Dividend income

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

2. **Basis of Preparation and Significant Accounting Policies (Cont'd)**

(t) Revenue recognition (cont'd)

(v) Golf courses service fees

Service charges from golf courses operations including green fee, caddy fee, golf cart rental services, etc. are recognised when the services are rendered.

(vi) Club house

Golf club membership fees are recognised upon admission as member.

(vii) Food and beverage

Sales of foods and beverage income are recognised when goods are served.

(viii) Rental income and interest income

Rental income and interest income are recognised as it accrues unless ability to collect is in doubt.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(v) Income taxes**

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of assets or liabilities in the statement of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available to utilise the deferred tax asset.

Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(w) Employee benefits**(i) Short term employee benefits**

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)**(w) Employee benefits (cont'd)****(ii) Defined contribution plans**

As required by law, companies in Malaysia contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based compensation

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

At the end of each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognised the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

3. Property, Plant and Equipment

Group Cost	Leasehold land and buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovations RM	Plant, machinery and equipment RM	Club house RM	Golf courses RM	Total RM
At 1 January 2012	167,313,862	7,466,455	14,243,551	3,909,215	2,674,506	24,284,413	108,034,397	327,926,399
Additions	1,100,000	1,565,917	3,372,039	339,437	682,980	-	-	7,060,373
Disposals	-	(1,281,750)	(1,077,178)	-	(15,500)	-	-	(2,374,428)
Written off	-	-	(843,827)	(189,986)	-	(4,627,965)	-	(5,661,778)
Transfer from capital work-in-progress (Note 4)	-	-	223,686	-	-	5,060,416	141,917	5,426,019
Exchange differences	(4,481,931)	-	(299,701)	-	-	(660,893)	(3,028,809)	(8,471,334)
Reclassified as held for sale (Note 21)	(155,445,520)	-	(11,314,373)	-	-	(24,055,971)	(105,147,505)	(295,963,369)
At 31 December 2012	8,486,411	7,750,622	4,304,197	4,058,666	3,341,986	-	-	27,941,882
Accumulated depreciation								
At 1 January 2012	16,609,437	4,087,013	10,495,909	3,146,573	737,499	9,870,994	68,856,463	113,803,888
Charge for the financial year	4,557,668	711,625	1,309,571	443,785	582,704	1,232,249	4,829,182	13,666,784
Disposals	-	(1,049,539)	(972,679)	-	(6,200)	-	-	(2,028,418)
Written off	-	-	(725,366)	(105,348)	-	(4,627,965)	-	(5,458,679)
Exchange differences	(478,274)	-	(208,266)	-	-	(225,409)	(1,969,492)	(2,881,441)
Reclassified as held for sale (Note 21)	(19,704,361)	-	(6,829,316)	-	-	(6,249,869)	(71,716,153)	(104,499,699)
At 31 December 2012	984,470	3,749,099	3,069,853	3,485,010	1,314,003	-	-	12,602,435
Accumulated impairment								
At 1 January 2012/ 31 December 2012	-	6,053	-	-	-	-	-	6,053
Carrying amount								
At 31 December 2012	7,501,941	3,995,470	1,234,344	573,656	2,027,983	-	-	15,333,394

3. Property, Plant and Equipment (Cont'd)

Group	Leasehold land and buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovations RM	Plant, machinery and equipment RM	Club house RM	Golf courses RM	Total RM
Cost								
At 1 January 2011	154,610,217	6,751,123	12,841,269	3,760,948	1,483,786	22,730,760	101,037,899	303,216,002
Additions	2,346,461	1,096,568	1,035,234	148,267	1,754,803	-	-	6,381,333
Disposals	-	(371,736)	(240,230)	-	(440)	-	-	(612,406)
Written off	-	(9,500)	(43,587)	-	(563,643)	-	-	(616,730)
Exchange differences	10,357,184	-	650,865	-	-	1,553,653	6,996,498	19,558,200
At 31 December 2011	167,313,862	7,466,455	14,243,551	3,909,215	2,674,506	24,284,413	108,034,397	327,926,399
Accumulated depreciation								
At 1 January 2011	11,271,873	3,275,150	9,148,247	2,738,995	477,440	8,032,964	59,789,870	94,734,539
Charge for the financial year	4,371,268	1,188,308	1,127,918	407,578	455,667	1,243,589	4,667,292	13,461,620
Disposals	-	(366,951)	(218,942)	-	(88)	-	-	(585,981)
Written off	-	(9,494)	(40,841)	-	(195,520)	-	-	(245,855)
Exchange differences	966,296	-	479,527	-	-	594,441	4,399,301	6,439,565
At 31 December 2011	16,609,437	4,087,013	10,495,909	3,146,573	737,499	9,870,994	68,856,463	113,803,888
Accumulated impairment								
At 1 January 2011/ 31 December 2011	-	6,053	-	-	-	-	-	6,053
Carrying amount								
At 31 December 2011	150,704,425	3,373,389	3,747,642	762,642	1,937,007	14,413,419	39,177,934	214,116,458

3. Property, Plant and Equipment (Cont'd)

- (i) Included in the leasehold land and buildings of the Group are leasehold land and buildings with carrying amount of RM7,391,310 (2011: RM6,433,839) which have been pledged to licensed banks as securities for credit facilities granted to the Company and certain subsidiary companies as disclosed in Notes 27 and 32.
- (ii) The remaining period of the leasehold land and buildings ranges from 82 to 97 (2011: 32 to 98) years.
- (iii) Included in the above is a leasehold land with carrying amount of RM135,741,159 (2011: RM144,159,956), situated in the People's Republic of China and held under medium lease term. During the year, this amount has been transferred to Assets of disposal group classified as held for sale as disclosed in Note 21.
- (iv) Included in the property, plant and equipment of the Group is motor vehicles under finance lease arrangement with carrying amount of RM3,653,003 (2011: RM2,870,633).
- (v) Included in the property, plant and equipment of the Group is leasehold buildings under term loan financing with carrying amount of RM3,927,930 (2011: RM2,883,636).
- (vi) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under finance lease arrangement, term loan financing and cash payment are as follows:

	Group	
	2012	2011
	RM	RM
Aggregate costs	7,060,373	6,381,333
Less: Finance lease arrangement	(1,342,600)	(853,000)
Less: Term loan financing	(935,000)	(1,900,142)
Cash payments	<u>4,782,773</u>	<u>3,628,191</u>

- (vii) Included in the depreciation for the financial year is an amount of RM6,350 (2011: RM6,830) which were capitalised in land and property development costs. This amount has been transferred to Assets of disposal group classified as held for sale as disclosed in Note 21.

4. **Capital Work-In-Progress**

	Group	
	2012 RM	2011 RM
At 1 January	6,744,696	4,269,087
Additions	8,706,714	2,179,991
Transferred to property, plant and equipment (Note 3)	(5,426,019)	-
Transferred to investment properties (Note 6)	(4,679,036)	-
Written off	(242,448)	-
Exchange differences	(169,853)	295,618
Reclassified as held for sale (Note 21)	(3,187,650)	-
At 31 December	<u>1,746,404</u>	<u>6,744,696</u>

5. **Land and Property Development Costs**

	Group	
	2012 RM	2011 RM
Non-Current		
Freehold land, at cost		
At 1 January	36,582,087	31,232,375
Additions	-	5,368,090
Disposals	(537,484)	-
Other movement	-	(18,378)
At 31 December	<u>36,044,603</u>	<u>36,582,087</u>
Long term leasehold land, at cost		
At 1 January	61,117,958	78,083,966
Additions	-	1,019,635
Disposals	(4,425,627)	-
Other movement	7,326,599	(1,034,165)
Transferred to current portion	(5,563,770)	(16,951,478)
At 31 December	<u>58,455,160</u>	<u>61,117,958</u>

5. Land and Property Development Costs (Cont'd)

	Group	
	2012 RM	2011 RM
Non-Current		
Property development costs		
At 1 January	391,107,970	378,122,613
Additions	39,322,647	35,993,424
Transferred to current portion	(13,150,528)	(24,921,115)
Disposals	(3,505,123)	(4,700)
Other movement	(2,275,759)	1,052,543
Exchange differences	(370,276)	865,205
Reclassified as held for sale (Note 21)	(167,942,860)	-
At 31 December	243,186,071	391,107,970
Less: Accumulated impairment		
At 1 January	4,233,076	4,113,732
Exchange differences	(139,062)	119,344
Reclassified as held for sale (Note 21)	(4,094,014)	-
At 31 December	-	4,233,076
	337,685,834	484,574,939
Current		
Long term leasehold land, at cost		
At 1 January	21,532,629	28,671,377
Additions	-	492,925
Transferred from non-current portion	5,563,770	16,951,478
Transferred to statements of comprehensive income	(5,666,094)	(24,568,351)
Reversal of impairment loss	14,800	-
Impairment loss	-	(14,800)
Other movement	(7,326,599)	-
At 31 December	14,118,506	21,532,629

5. Land and Property Development Costs (Cont'd)

	Group	
	2012 RM	2011 RM
Current		
Property development costs		
At 1 January	481,735,955	422,507,312
Additions during the financial year	354,430,401	219,238,783
Reversal of impairment loss	1,252	-
Impairment loss	-	(276,192)
Transferred from non-current portion	13,150,528	24,921,115
Transferred to inventories	-	(2,864,491)
Transferred to statements of comprehensive income	(326,397,441)	(181,790,572)
At 31 December	<u>522,920,695</u>	<u>481,735,955</u>
Less: Costs recognised in the statements of comprehensive income		
At 1 January	<u>432,750,900</u>	<u>346,864,324</u>
Recognised during the financial year	<u>367,384,156</u>	<u>274,898,366</u>
	800,135,056	621,762,690
Less: Portion related to completed projects	<u>(332,525,188)</u>	<u>(189,011,790)</u>
At 31 December	<u>467,609,868</u>	<u>432,750,900</u>
	<u>69,429,333</u>	<u>70,517,684</u>

- (a) Certain parcels of land are pledged to licensed banks as security for credit facilities granted to certain subsidiary companies as disclosed in Notes 27 and 32.
- (b) Certain subsidiary companies entered into several agreements with third parties (the landowners) to develop their lands, solely at the cost of the subsidiary companies and based on the agreements, the landowners are entitled to the following:
- (i) certain percentage of the respective development profits;
 - (ii) certain percentage of the respective sales proceeds from the development;
 - (iii) agreed contract sum as specified in the agreement; or
 - (iv) certain units of completed properties erected thereon free from all encumbrances as the case may be.

5. Land and Property Development Costs (Cont'd)

- (c) Certain subsidiary companies (developers) entered into several joint venture agreements with its subsidiary companies (the landowners) to develop several lands, solely at the cost of the developers and based on the agreements, the landowners are entitled to the following:
- (i) certain units of completed properties erected thereon free from all encumbrances or certain percentage of the gross sales value received from the development; and/or
 - (ii) certain percentage of the respective development profits.
- (d) Certain subsidiary companies entered into several agreements with a related party (project manager) to develop several lands, solely at the cost of the project manager and based on the agreements, the subsidiary companies are entitled to certain percentage of the respective sales proceeds from the development.
- (e) The property development cost amounting to RM11,324,887 (2011: RM8,866,769) are incurred for the project situated in the People's Republic of China. This amount has been transferred to Assets of disposal group classified as held for sale as disclosed in Note 21.
- (f) Included in the property development costs for the financial year are as follows:

		Group	
	Note	2012 RM	2011 RM
Finance costs	35	16,472,193	8,200,783
Depreciation of property, plant and equipment	3(vii)	-	6,830
Directors of the subsidiaries - salaries and other emoluments		-	653,928
Landowner consideration		17,236,661	21,524,079
Rental of premises		24,000	24,000
Staff costs	40	923,736	472,351
		<hr/>	<hr/>

6. Investment Properties

	2012	Group	2011
	RM		RM
Cost			
At 1 January	6,741,273		5,997,280
Additions	1,324,560		-
Disposal	-		(347,600)
Transferred from capital work-in-progress (Note 4)	4,679,036		-
Transferred (to)/from non-current assets classified as held for sale (Note 20)	(4,679,036)		1,091,593
At 31 December	<u>8,065,833</u>		<u>6,741,273</u>
Accumulated depreciation			
At 1 January	865,031		782,651
Charge for the financial year	133,249		113,374
Disposals	-		(30,994)
At 31 December	<u>998,280</u>		<u>865,031</u>
Accumulated impairment			
At 1 January	625,393		14,600
Impairment made during the financial year	1,400		610,793
At 31 December	<u>626,793</u>		<u>625,393</u>
Carrying amount	<u>6,440,760</u>		<u>5,250,849</u>
Fair value	<u>10,982,000</u>		<u>8,095,350</u>

Investment properties with carrying amount of RM4,357,709 (2011: RM4,191,010) have been pledged to licensed banks as security for credit facilities granted to the Company and subsidiary companies as disclosed in Notes 27 and 32.

Certain investment properties have generated rental income during the financial year amounting to RM717,292 (2011: RM750,682).

Certain land titles of the investment properties are in the process of being registered in the name of the subsidiary companies.

Certain investment properties are leasehold properties with remaining lease period ranging from 79 to 90 (2011: 80 to 91) years.

7. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2012 RM	2011 RM
Unquoted shares, at cost		
In Malaysia	393,554,395	393,554,395
Outside Malaysia	4,075	4,075
Less: Accumulated impairment	(192,464)	(192,464)
	393,366,006	393,366,006

Details of the subsidiary companies are set out in Note 50.

(b) Disposal of subsidiary companies

In previous financial year, the Company had disposed of the equity interest in Pristine Sunrise (M) Sdn. Bhd., Tepukan Senja Sdn. Bhd. and Dolomite Sungai Siput Sdn. Bhd.

The effects of the disposal on the financial results of the Group in respect of the financial year are as follows:

	Group	
	2012 RM	2011 RM
Revenue	-	-
Other income	-	28,683
Administrative expenses	-	(6,971)
Profit for the financial year	-	21,712
Less: Non-controlling interest	-	242
	-	21,954

The summary of effects of the disposal on the financial position of the Group is as follows:

	Group	
	2012 RM	2011 RM
Goodwill on consolidation	-	618,894
Other receivables	-	33,560
Cash and bank balances	-	1,398
Other payables	-	(24,219)
Non-controlling interest	-	(9,977)
	-	619,656

7. Investment in Subsidiary Companies (Cont'd)

(b) Disposal of subsidiary companies (cont'd)

The assets and liabilities arising from the disposal of subsidiary companies are as follows:

	2012 RM	Group 2011 RM
Goodwill on consolidation	-	618,894
Trade and other receivables	-	32,957
Cash and bank balances	-	161
Other payables	-	(667)
Net assets	<u>-</u>	<u>651,345</u>
Less: Net assets retained in investment in associates	-	(15,000)
Less: Non-controlling interest	<u>-</u>	<u>(9,735)</u>
	-	626,610
Gain on disposal of investment in subsidiary companies	-	393,390
	<u>-</u>	<u>1,020,000</u>

The cash inflow/(outflow) arising from the disposal is as follows:

	2012 RM	Group 2011 RM
Disposal proceeds settled by cash	-	1,020,000
Less: Cash and cash equivalents of subsidiary companies disposed	-	(161)
Net cash inflow from disposal of investment in subsidiary companies	<u>-</u>	<u>1,019,839</u>

8. Investment in Associated Companies

	Group	
	2012	2011
	RM	RM
Unquoted shares in Malaysia, at cost	3,680,100	3,800,070
Share of post acquisition reserves	(978,337)	(1,214,267)
	<u>2,701,763</u>	<u>2,585,803</u>

Details of the associated companies are set out in Note 51.

The summarised financial information of the associated companies is as follows:

	Group	
	2012	2011
	RM	RM
Assets and liabilities		
Current assets	1,485,743	173,094
Current liabilities	821,950	1,082,119
Total net liabilities	<u>663,793</u>	<u>(909,025)</u>
Results		
Revenue	-	-
Net loss for the financial year	<u>(346,178)</u>	<u>(619,499)</u>

The unrecognised share of losses of the associated companies is as follows:

	Group	
	2012	2011
	RM	RM
At 1 January	150,069	148,406
Additions during the financial year	21,074	18,158
Recovery of losses	-	(16,495)
At 31 December	<u>171,143</u>	<u>150,069</u>

The goodwill included within the Group's carrying amount of investment in associated companies is an amount of RM2,260,585 (2011: RM2,751,466).

8. Trade Receivables

	Group	
	2012 RM	2011 RM
Non-current		
Trade receivables	17,127,716	23,520,000
Current		
Trade receivables		
- Third parties	155,518,211	113,869,304
- Related parties	4,049,631	21,732,317
	159,567,842	135,601,621
Less: Accumulated impairment		
- Third parties	(1,186,249)	(912,414)
	158,381,593	134,689,207
	175,509,309	158,209,207

- (i) Included in the non-current trade receivables is an amount of RM17,127,716 (2011: RM20,520,000) in relation to disposal of land to a third party. The amount shall be settled progressively from its property development proceeds. An amount of RM1,050,000 (2011: RM Nil) has been received from its property development proceeds and RM210,000 has been classified as current trade receivables.
- (ii) In the previous year, included in the non-current trade receivables was an amount of RM3,000,000 pursuant to an earthwork and infrastructure agreement. This amount has been fully received during the year.
- (iii) In the previous year, included in the current trade receivables (related party) was an amount of RM9,500,000 pertaining to land disposal. This amount has been fully received during the year.

The balance sum of current trade receivables is related to sales of properties and is pending loan approval and/or disbursement by end financiers.

- (iv) The Group's normal trade credit terms range from 21 to 60 days (2011: 21 to 60 days). Other credit terms are assessed and approved on a case by case basis.

9. Trade Receivables (Cont'd)

Movements in impairment (individually assessed) during the financial year are as follows:

	2012	Group	2011
	RM		RM
At 1 January	912,414		276,428
Impairment during the financial year	280,994		895,986
Reclassified as held for sale	(1,606)		-
Reversal of impairment	(5,553)		(260,000)
At 31 December	<u>1,186,249</u>		<u>912,414</u>

Analysis of the trade receivables ageing are as follows:

	2012	Group	2011
	RM		RM
Neither past due nor impaired	79,483,092		66,216,204
Past due less than 30 days not impaired	17,203,029		20,905,014
Past due for 31-60 days not impaired	19,722,204		11,645,603
Past due for more than 61 days not impaired	59,100,984		59,442,386
	<u>175,509,309</u>		<u>158,209,207</u>
Impaired	1,186,249		912,414
	<u>176,695,558</u>		<u>159,121,621</u>

In the previous year, included in the past due more than 60 days not impaired of the Group was an amount of RM9,997,020 which was due from a purchaser in relation to land disposal. During the year, the sale has been terminated.

Included in the past due more than 60 days not impaired of the Group is an amount of RM9,000,000 (2011: RM Nil) which was due in relation to land disposal. This amount has been fully received in January 2013.

The balance sum of past due more than 60 days not impaired of the Group is approximately RM50,100,984 (2011: RM49,445,366) which were related to sales of properties. Collection is pending completion of loan documentation and/or approval from relevant authorities.

The Group has not made any significant impairment on its past due receivables as the Directors are of the view that receivables were from property development and most of the purchasers have obtained end financing. The ownership of the titles will only be transferred to the purchasers upon full settlement of purchase price.

9. **Trade Receivables (Cont'd)**

The currency exposure profile is as follows:

	Group
	2012 RM
	2011 RM
Chinese Yuan Renminbi	-
	<u>539,236</u>

10. **Other Receivables**

	Group	Company
	2012 RM	2011 RM
	2012 RM	2011 RM
Non-current		
Other receivables	<u>21,539,700</u>	<u>22,271,340</u>
	-	-
Current		
Other receivables		
- Third parties	<u>29,394,104</u>	<u>133,094,370</u>
- Related parties	<u>599,230</u>	<u>305,272</u>
	29,993,334	133,399,642
	-	5,752
Less: Accumulated		
Impairment		
- Third parties	<u>(13,901,053)</u>	<u>(53,697,942)</u>
	16,092,281	79,701,700
Deposits	4,731,856	5,947,345
Deposits - Related party	1,200	-
Dividend receivables	-	-
Prepayments	930,371	1,889,673
	<u>21,755,708</u>	<u>87,538,718</u>
	4,500	10,586,198
Total other receivables	<u>43,295,408</u>	<u>109,810,058</u>
	4,500	10,586,198

10. Other Receivables (Cont'd)

(i) The non-current other receivables amounting to RM21,539,700 (2011: RM22,271,340) represents unsecured, interest free advances to a former subsidiary company of a subsidiary company. The latter subsidiary company is given an option to exercise before 2046 to repurchase equity interest of the former subsidiary company at a nominal consideration.

(ii) Included in current other receivables of the Group is an amount of RM4,064,838 (2011: RM95,239,704) which represents unsecured, interest free advances to a former subsidiary company of a subsidiary company. The latter subsidiary company is given an option exercisable before 2046 to repurchase equity interest of the former subsidiary company at a nominal consideration. During the year, the Group has provided impairment of RM2,072,309 (2011 : RM38,660,337) on the advances given.

During the year, an amount of RM49,035,234 (2011: RM50,781,257) has been transferred to Assets of disposal group classified as held for sale as disclosed in Note 21.

(iii) Included in current other receivables of the Group is an amount of RM4,306,211 (2011: RM4,306,211) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.

(iv) Included in current other receivables of the Group is an amount of RM2,504,821 (2011:RM2,464,921) arising from a project management agreement signed with a developer. The projects have been completed and collection is pending strata titles issuance and closure of housing developer accounts by the developer. Approval has been obtained in year 2013 to close certain housing developer accounts.

(v) Included in current other receivables of the Group is an amount of RM1,540,000 (2011: RM90,000) being redemption sum paid but pending offset against outstanding bank borrowings.

10. Other Receivables (Cont'd)

Movements in impairment (individually assessed) during the financial year are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1 January	53,697,942	51,641,429	-	-
Impairment during the financial year	2,076,555	3,918,599	-	-
Disposal of subsidiary companies	-	(82,854)	-	-
Reversal on impairment	(5,793,294)	(2,879,738)	-	-
Exchange differences	(1,237,521)	1,100,506	-	-
Reclassified as held for sale	(34,842,629)	-	-	-
At 31 December	<u>13,901,053</u>	<u>53,697,942</u>	<u>-</u>	<u>-</u>

Analysis of the other receivables ageing is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Neither past due nor impaired	2,006,570	2,887,979	-	-
Past due less than 30 days not impaired	1,464,074	11,167	-	-
Past due for 31-60 days not impaired	185,022	77,590	-	-
Past due for more than 61 days not impaired	<u>12,436,615</u>	<u>76,724,964</u>	<u>-</u>	<u>5,752</u>
	16,092,281	79,701,700	-	5,752
Impaired	<u>13,901,053</u>	<u>53,697,942</u>	<u>-</u>	<u>-</u>
	<u>29,993,334</u>	<u>133,399,642</u>	<u>-</u>	<u>5,752</u>

The Group and the Company have not recognised any impairment on certain receivables that are past due at the end of financial year, as there has not been significant change in credit quality and these amounts are still considered receivable.

10. Other Receivables (Cont'd)

The currency exposure profile is as follows:

	Group	
	2012	2011
	RM	RM
United States Dollars	-	22,271,340
Hong Kong Dollars	1,992,529	5,994,056
Chinese Yuan Renminbi	-	54,366,973

Included in the past due more than 60 days not impaired of the Group mainly comprise the followings:

- (i) An amount of RM5,983,292 (2011: RM95,239,704) whereby the Group has provided impairment of RM3,990,763 (2011: RM38,660,337) on advances given as disclosed in Note 10(ii) above.
- (ii) An amount of RM4,306,211 (2011: RM4,306,211) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.
- (iii) In the previous year, an amount of RM4,725,733 arising from cost sharing agreement has been received in year 2012.
- (iv) An amount of RM2,504,822 (2011: RM2,464,921) arising from a project management agreement signed with a developer. The projects have been completed and collection is pending strata titles issuance and closure of housing developer accounts by the developer. Approval has been obtained in year 2013 to close certain housing developer accounts.

11. Other Investments

	Group	
	2012	2011
	RM	RM
Cost		
Transferable corporate club membership	1,253,500	1,253,500

12. Goodwill on Consolidation

	2012	2011
	RM	RM
At 1 January	120,487,772	126,634,316
Acquisition of subsidiary company	10,102,761	-
Disposal of subsidiary companies	-	(618,894)
Impairment recognised in statements of comprehensive income	(11,330,050)	(5,586,866)
Exchange differences	221,197	59,216
Reclassified as held for sales (Note 21)	(16,244,323)	-
At 31 December	<u>103,237,357</u>	<u>120,487,772</u>

(a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to country of operations and business segments as follows:

Group	Malaysia	People's Republic of China	Total
	RM	RM	RM
2012			
Property development	<u>103,237,357</u>	<u>-</u>	<u>103,237,357</u>
2011			
Property development	<u>104,464,646</u>	<u>16,023,126</u>	<u>120,487,772</u>

(b) Key assumptions used to determine the recoverable amount

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the Directors covering a five-year period. The key assumptions used for value-in-use calculations are:

	Malaysia	People's Republic of China *
	%	%
Gross margin	29	28
Growth rate	N/A	N/A
Pre-tax discount rate	5.86	10

* the above information are based on future projection of the Group.

12. Goodwill on Consolidation (Cont'd)**(b) Key assumptions used to determine the recoverable amount (cont'd)**

The key assumptions that the Directors have used in the cash flow projections to undertake impairment testing are as follows:

- (i) Gross margin - Budgeted value based on the average margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and market development.
- (ii) Growth rate - Not applicable as the cash flow projections made is for a period of 5 years, in accordance with the expected life cycle of the CGU.
- (iii) Pre-tax discount rate - Rate that reflect specific risks relating to the relevant CGU.

(c) Impairment recognised during the financial year

The Group recognised an impairment of RM11,330,050 (2011: RM5,586,866) during the financial year in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiary companies which mainly undertake development projects which are expected to be completed within the next 5 years. As a decrease in development activities or other significant cash generating activities is expected from the subsidiary companies, the related goodwill has been impaired accordingly. The recoverable amount was based on value-in-use and was determined at the CGU which is the Group's development projects.

13. Deferred Tax Assets

	Group	
	2012 RM	2011 RM
At 1 January	-	-
Recognised in profit or loss	112,500	-
At 31 December	<u>112,500</u>	<u>-</u>

The net deferred tax assets shown on the statement of financial position after appropriate offsetting are as follows:

	Group	
	2012 RM	2011 RM
Deferred tax liabilities	-	-
Deferred tax assets	112,500	-
	<u>112,500</u>	<u>-</u>

13. **Deferred Tax Assets (Cont'd)**

The component of deferred tax assets is as follows:

	Group	
	2012 RM	2011 RM
Unused tax losses	112,500	-

The deferred tax assets recognised in the financial statements can be utilised to set-off against probable future taxable income based on profit recognition for the next financial year of a subsidiary.

Unrecognised deferred tax assets

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

	Group	
	2012 RM	2011 RM
Unutilised capital allowances	1,290,550	1,131,856
Unused tax losses	62,572,409	54,646,078
Others	2,733,985	1,704,674
	66,596,944	57,482,608

14. **Inventories**

	Group	
	2012 RM	2011 RM
At cost:		
Unsold units of completed properties	11,297,110	16,350,045
At net realisable value:		
Unsold units of completed properties	2,296,400	1,500,000
	13,593,510	17,850,045

Included in the inventories above are carrying amount of RM13,593,510 (2011: RM17,850,045) which have been pledged to licensed banks as security for credit facilities granted to the Company and subsidiary companies as disclosed in Notes 27 and 32.

15. Amount Owing by/(to) Customers on Contracts

	Group	
	2012 RM	2011 RM
Aggregate cost incurred to date	52,003,203	49,346,612
Less: Attributable losses	(222,359)	(928,552)
Less: Allowance for foreseeable loss	-	(44,883)
	<u>51,780,844</u>	<u>48,373,177</u>
Less: Progress billings	<u>(53,438,046)</u>	<u>(50,664,547)</u>
	<u>(1,657,202)</u>	<u>(2,291,370)</u>
Represented by:		
Amount owing by customers on contracts	592,519	411,541
Amount owing to customers on contracts	<u>(2,249,721)</u>	<u>(2,702,911)</u>
	<u>(1,657,202)</u>	<u>(2,291,370)</u>

- (i) Included in progress billings is retention sum of RM17,430,931 (2011: RM16,535,896).
- (ii) Included in amount owing by/(to) customers on contracts for the financial year is rental of premises amounting to RM37,200 (2011: RM27,250).

16. Amount Owing by/(to) Subsidiary Companies

- (a) Amount owing by subsidiary companies

These represent unsecured advances and repayable on demand which bears interest range from 5.86% to 6.20% (2011: 6.25%) per annum.

- (b) Amount owing to subsidiary companies

These represent unsecured, interest free advances and repayable on demand.

17. Fixed Deposits with Licensed Banks

Included in the fixed deposits of the Group and of the Company are amount of RM40,203,331 and RM38,645,711 (2011: RM28,900,452 and RM27,510,000) respectively which are pledged to licensed banks as security for banking facilities granted to the Company and certain subsidiary companies as disclosed in Notes 26 and 27.

The interest rates and maturities of deposits range from 2.24% to 3.35% (2011: 2.25% to 3.50%) per annum and 1 to 365 days (2011: 1 to 365 days) respectively.

The currency exposure profile is as follows:

	Group	
	2012	2011
	RM	RM
Chinese Yuan Renminbi	-	364,390

18. Cash Held under Housing Development Accounts

Cash held under the Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts range from 2.00% to 2.05% (2011: 1.90% to 2.00%) per annum.

19. Cash and Bank Balances

- (i) Included in cash and bank balances of the Group and of the Company are Sinking fund and Disbursement Accounts balances amounting to RM769,572 and RM29,530 (2011: RM1,765,033 and RM100,546) respectively maintained in accordance with the terms and conditions set out in Trust Deed dated 12 July 2010 as disclosed in Note 26 to meet redemption of maturing Islamic Securities and future disbursement.
- (ii) In the previous year, included in the cash and bank balances of the Group was an amount of RM6,139,672 being excess redemption sum which was pledged with financier. This amount has been discharged during the year.
- (iii) Included in cash and bank balances of the Group is interest earning deposits amounting to RM19,657,101 (2011: RM26,637,145). The interest rate of interest earning deposits range from 0.05% to 0.35% (2011: 0.1%) per annum. During the year, an amount of RM19,649,369 has been transferred to Assets of disposal group classified as held for sale as disclosed in Note 21.

19. Cash and Bank Balances (Cont'd)

- (iv) Included in cash and bank balances of the Group and of the Company are deposits with licensed bank amounting to RM1,739,022 and RM894,356 (2011: RM Nil) respectively which are pledged to licensed bank for credit facilities granted to the Group and the Company as disclosed in Note 27.

The currency exposure profile is as follows:

	Group	
	2012	2011
	RM	RM
United States Dollars	5,560	17,107,730
Hong Kong Dollars	23,456	953,050
Chinese Yuan Renminbi	38,332	8,937,957

20. Non-Current Assets Classified as Held for Sale

Investment properties that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

The Group has entered into agreements to dispose of investment properties.

	Group	
	2012	2011
	RM	RM
At carrying amount:		
At beginning of the financial year	-	1,091,593
Reclassified from/(to) investment properties (Note 6)	4,679,036	(1,091,593)
At end of the financial year	4,679,036	-

21. Disposal Group Classified as Held for Sale/ Loss from Discontinued Operations

During the year, a subsidiary company of the Company entered into a memorandum of understanding with an independent third party for the disposal of the Company's equity interest in the subsidiaries, Lamdeal Consolidated Development Limited ("LCDL") and Lamdeal Golf & Country Club Limited ("LGCCL") which are engaged in property development and golf club development and management respectively. The negotiation is now in an advanced stage of discussion on the detailed terms and conditions of the proposed disposal. It is anticipated that the subsidiary of the Company and the third party will enter into a definitive agreement on the disposal in year 2013.

21. Disposal Group Classified as Held for Sale/ Loss from Discontinued Operations (Cont'd)

As at 31 December 2012, the assets and liabilities of LCDL and LGCCL have been presented on the consolidated statement of financial position as a disposal group held for sale and results from these subsidiaries is presented separately on the consolidated statement of comprehensive income as discontinued operations. The comparative figures for consolidated statement of comprehensive income have also been re-presented to show the discontinued operations separately from continuing operations.

	Note	Group RM
Assets:		
Property, plant and equipment	(i)	191,463,670
Capital work-in-progress		3,187,650
Land and property development costs	(ii)	163,848,846
Trade receivables		320,343
Other receivables		50,934,230
Goodwill on consolidation		16,244,323
Inventories		818,306
Fixed deposits with licensed banks	(iii)	354,178
Cash and bank balances	(iv)	20,103,182
Assets of disposal group classified as held for sale		<u>447,274,728</u>
Liabilities:		
Trade payables		1,126,982
Other payables	(v)	4,431,691
Deferred tax liabilities		72,086,005
Liabilities of disposal group classified as held for sale		<u>77,644,678</u>
Net assets associated with disposal group classified as held for sale		<u>369,630,050</u>
Reserve:		
Foreign exchange reserve		<u>19,680,923</u>

(i) Included in property, plant and equipment is leasehold land with carrying amount of RM134,741,159, situated in the People's Republic of China and held under medium lease term. The leasehold land has remaining leasehold period of 31 years.

(ii) Included in the depreciation for the financial year is an amount of RM6,350 (2011: RM6,830) which were capitalised in land and property development costs.

Included in land and property development cost is property development cost amounting to RM11,324,887 incurred for the project situated in the People's Republic of China.

21. Disposal Group Classified as Held for Sale/ Loss from Discontinued Operations (Cont'd)

- (iii) The fixed deposits of the Group are pledged to a licensed bank as security for banking facilities granted to a subsidiary company of the Company as disclosed in Note 27.

The interest rates and maturities of deposits range from 2.24% to 3.35% per annum and 1 to 365 days respectively.

- (iv) Included in cash and bank balances of the Group is interest earning deposits amounting to RM19,649,369. The interest rate of interest earning deposits range from 0.05% to 0.35% per annum.
- (v) Other payables represent advances from certain former subsidiary companies of a subsidiary company. The subsidiary company is given an option exercisable before 2046 to repurchase equity interest of the former subsidiary companies at a nominal consideration. The advances are unsecured and interest free.

Consolidated Statement of Comprehensive Income

The results of LCDL and LGCCL for the years ended 31 December are as follows:

	Group	
	2012	2011
	RM	RM
Revenue	22,175,899	24,269,761
Cost of sales	<u>(2,960,103)</u>	<u>(2,754,773)</u>
Gross profit	19,215,796	21,514,988
Other income	1,118,522	1,186,731
Operating expenses	<u>(30,292,596)</u>	<u>(27,668,835)</u>
Loss before taxation	(9,958,278)	(4,967,116)
Tax credit	<u>1,168,015</u>	<u>1,028,321</u>
Loss for the year from discontinued operations	<u><u>(8,790,263)</u></u>	<u><u>(3,938,795)</u></u>

21. Disposal Group Classified as Held for Sale/ Loss from Discontinued Operations (Cont'd)

Included in profit before taxation from discontinued operations are:

	2012	Group	2011
	RM		RM
Auditors' remuneration			
- statutory	10,733		44,311
- under provision in prior years	22,797		-
Bad debt written off	54,689		-
Capital work-in-progress written off	242,448		-
Company's Directors			
- fee	265,782		187,168
Other Directors			
- salaries and other emoluments	915,474		740,450
Depreciation of property, plant and equipment	11,410,326		10,744,193
Impairment on:			
- trade receivables	666		572
- other receivables	1,931,509		38,619
(Gain)/Loss on disposal of property, plant and equipment	(8,317)		1,060
Property, plant and equipment written off	72,343		-
Staff costs	9,281,161		9,274,434
Unrealised (gain)/loss on foreign exchange	(53,610)		145,721
Waiver of debts	(433,359)		(157,558)
Interest income	(75,224)		(159,500)
	<u> </u>		<u> </u>

In addition, the followings have been capitalised under property development costs:

	2012	Group	2011
	RM		RM
Company's Directors			
- fee	217,016		236,984
Other Directors			
- salaries and other emoluments	580,322		447,009
Depreciation of property, plant and equipment	6,350		6,830
Loss on disposal of property, plant and equipment	-		550
Staff costs	413,239		386,722
	<u> </u>		<u> </u>

21. Disposal Group Classified as Held for Sale/ Loss from Discontinued Operations (Cont'd)

Loss for the year from discontinued operations attributable to:

	Group	
	2012	2011
	RM	RM
Owners of the parent	5,533,616	2,698,223
Non-controlling interest	<u>3,256,647</u>	<u>1,240,572</u>

Consolidated Statement of Cash Flows

The cash flows attributable to LCDL and LGCCL are as follows:

	Group	
	2012	2011
	RM	RM
Net cash from operating activities	5,307	4,927,676
Net cash used in investing activities	(5,687,345)	(9,675,944)
Net cash (used in)/from financing activities	<u>(343,217)</u>	<u>1,037,045</u>
Effect on cash flows	<u>(6,025,255)</u>	<u>(3,711,223)</u>

22. Share Capital

	Group/Company			
	Number of Shares		Amount	
	2012	2011	2012	2011
	Unit	Unit	RM	RM
Ordinary shares of RM1.00 each				
Authorised	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid	<u>386,552,557</u>	<u>386,552,557</u>	<u>386,552,557</u>	<u>386,552,557</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

23. **Share Premium**

	Group/Company	
	2012	2011
	RM	RM
At 1 January/31 December	16,945,016	16,945,016

24. **Treasury Shares**

	Group/Company			
	2012		2011	
	Number of		Number of	
	shares	RM	shares	RM
At 1 January	-	-	-	-
Additions during the year	5,336,700	4,406,841	-	-
At 31 December	5,336,700	4,406,841	-	-

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company has obtained its shareholders' approval and renewed the authority for the Company to purchase up to 10% of its own issued and paid-up share capital of the Company at the Extraordinary General Meeting and Annual General Meeting held on 3 January 2012 and 28 June 2012 respectively. The shares repurchased were held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965.

During the year, the Company repurchased 5,336,700 (2011: Nil) of its issued and fully paid ordinary shares from the open market at an average price of RM0.83 (2011: RM Nil) per share. The total consideration paid for the repurchased shares including transaction costs was RM4,406,841 (2011: RM Nil).

24. Treasury Shares (Cont'd)

To date, the Company had purchased the following ordinary shares of its issued and paid-up share capital from the open market:

2012	Number of shares RM	Highest Resale Price RM	Lowest Resale Price RM	Cost RM
February	250,000	0.80	0.78	198,405
March	460,000	0.82	0.77	366,912
April	1,695,000	0.89	0.79	1,430,459
May	571,500	0.84	0.79	463,194
June	190,200	0.80	0.79	152,083
July	1,360,000	0.86	0.78	1,107,577
August	800,000	0.85	0.84	679,699
December	10,000	0.85	0.85	8,512
	<u>5,336,700</u>			<u>4,406,841</u>

25. Other Reserves

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-distributable				
Revaluation reserve	310,962	362,553	-	-
Foreign exchange reserve	10,271,081	16,016,407	-	-
ESOS reserve	3,258,606	560,664	3,258,606	560,664
Warrant reserve	14,952,572	14,952,572	14,952,572	14,952,572
Other reserve	(50,073,505)	(49,453,220)	-	-
	<u>(21,280,284)</u>	<u>(17,561,024)</u>	<u>18,211,178</u>	<u>15,513,236</u>

Revaluation reserve

The revaluation reserve represents increases in the fair value of leasehold land and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

25. **Other Reserves (Cont'd)**

Foreign Exchange reserve

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

ESOS reserve

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

Warrant reserve

Warrant reserve represents reserve allocated to free detachable warrants issued with right issue.

In the financial year 2008, the Company executed a Deed Poll constituting the Warrants and the issue price and exercise price of the Warrants have been fixed at RM0.10 and RM1.00 each respectively.

In the financial year 2008, the Company issued renounceable rights issue of 154,076,578 Warrants on the basis of two (2) new Warrants for every five (5) existing ordinary shares of RM1.00 each.

The Warrants may be exercised at any time commencing on the date of issue of Warrants on 12 June 2008 but not later than 11 June 2018. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

As at 31 December 2012, the total numbers of Warrants that remain unexercised were 154,076,578 (2011: 154,076,578).

Other reserve

Other Reserve represents the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interest, and any consideration paid.

26. **Islamic Securities**

	Group/Company	
	2012	2011
	RM	RM
Secured		
Nominal value		
4.00% Islamic Securities 2010/2014	15,000,000	35,000,000
4.15% Islamic Securities 2010/2015	40,000,000	40,000,000
4.05% Islamic Securities 2011/2013	-	20,000,000
3.90% Islamic Securities 2011/2013	-	20,000,000
4.05% Islamic Securities 2011/2016	20,000,000	20,000,000
	<u>75,000,000</u>	<u>135,000,000</u>
Analysed as:		
Repayable after twelve months	<u>75,000,000</u>	<u>135,000,000</u>

Maturities of Islamic Securities are as follows:

	Group/Company	
	2012	2011
	RM	RM
Within one year	-	-
Between one and two years	15,000,000	40,000,000
Between two and three years	40,000,000	35,000,000
Between three and four years	20,000,000	40,000,000
Between four and five years	-	20,000,000
	<u>75,000,000</u>	<u>135,000,000</u>

The Company, under Kafalah Facility Agreement dated 30 June 2010 and Trust Deed dated 12 July 2010, issued the above Islamic Securities (ICP/IMTN/Sukuk) and the main features are as follows:

- (a) The Islamic Securities in multiples of RM1,000; and
- (b) The tenure of the Islamic Securities is up to seven (7) years from the date of first issuance.

26. Islamic Securities (Cont'd)

The Islamic Securities are secured against the following:

- (a) First legal charge on certain subsidiary companies' lands;
- (b) An assignment of residual proceeds in the Housing Development Accounts of certain subsidiary companies of the Company;
- (c) A charge and/or assignment over the following accounts:
 - (i) Disbursement Account ("DA")
 - (ii) Sinking Fund Account ("SFA")
- (d) A pledge of the Company's fixed deposits as disclosed in Note 17;
- (e) Specific debentures by certain subsidiary companies of the Company;
- (f) Corporate guarantees by certain subsidiary companies of the Company; and
- (g) Irrevocable power of attorney by certain subsidiary companies of the Company.

27. Bank Borrowings

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Secured				
Floating rates:				
Bridging loans	158,109,063	108,151,235	73,775,514	53,844,014
Term loans	156,604,737	165,285,540	34,492,193	44,201,471
Revolving credits	7,770,005	28,318,641	7,770,005	28,318,641
Total borrowings	<u>322,483,805</u>	<u>301,755,416</u>	<u>116,037,712</u>	<u>126,364,126</u>
Analysed as:				
Repayable within twelve months				
Floating rates:				
Bridging loans	64,132,264	23,640,178	49,862,617	253,488
Term loans	27,496,293	14,326,786	-	8,735
Revolving credits	7,770,005	18,519,467	7,770,005	18,519,467
	<u>99,398,562</u>	<u>56,486,431</u>	<u>57,632,622</u>	<u>18,781,690</u>

27. **Bank Borrowings (Cont'd)**

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Repayable after twelve months				
Floating rates:				
Bridging loans	93,976,799	84,511,057	23,912,897	53,590,527
Term loans	129,108,444	150,958,754	34,492,193	44,192,735
Revolving credits	-	9,799,174	-	9,799,174
	<u>223,085,243</u>	<u>245,268,985</u>	<u>58,405,090</u>	<u>107,582,436</u>
Total borrowings	<u>322,483,805</u>	<u>301,755,416</u>	<u>116,037,712</u>	<u>126,364,126</u>

The credit facilities of the Group and of the Company obtained from licensed banks are secured on the following:

- (a) fixed charge on certain subsidiary companies' land banks included in land and property development costs as disclosed in Note 5;
- (b) fixed charge on certain parcels of land under joint venture arrangement;
- (c) fixed charge on certain subsidiary companies' investment properties as disclosed in Note 6;
- (d) fixed charge on certain subsidiary companies' leasehold land and buildings as disclosed in Note 3;
- (e) fixed charge on certain subsidiary companies' inventories as disclosed in Note 14;
- (f) a charge on certain shares of a subsidiary company of the Company;
- (g) assignment of certain subsidiary companies' sales proceeds and/or balances in certain Housing Development Accounts; and
- (h) joint and several guarantee of certain Directors of the Company and certain subsidiary companies.

27. Bank Borrowings (Cont'd)

Maturities of bank borrowings are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Within one year	99,398,563	56,486,431	57,632,622	18,781,690
Between one and two years	98,897,538	96,792,429	41,492,193	67,991,853
Between two and three years	99,199,666	87,395,271	16,912,897	39,590,583
Between three and four years	8,509,541	52,225,087	-	-
Between four and five years	13,191,688	241,176	-	-
After five years	3,286,809	8,615,022	-	-
	<u>322,483,805</u>	<u>301,755,416</u>	<u>116,037,712</u>	<u>126,364,126</u>

Range of interest rates during the financial year is as follows:

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
Bridging loans	7.85 - 8.35	7.30 - 8.10	7.85 - 8.10	7.80 - 8.10
Term loans	4.35 - 8.85	4.60 - 8.60	8.10	7.80 - 8.10
Revolving credits	<u>7.60</u>	<u>7.30 - 7.80</u>	<u>7.60</u>	<u>7.30 - 7.60</u>

The currency exposure profile is as follows:

	Group	
	2012	2011
	RM	RM
United States Dollars	<u>12,230,928</u>	<u>17,498,753</u>

28. **Trade Payables**

	2012	Group	2011
	RM		RM
Current			
Trade payables			
- Third parties	89,021,609		76,448,238
- Related parties	5,603,926		7,298,562
	94,625,535		83,746,800
Retention sum			
- Third parties	28,060,611		21,786,031
- Related parties	2,203,371		3,762,855
	30,263,982		25,548,886
	<u>124,889,517</u>		<u>109,295,686</u>
Non-current			
Trade payable	27,543,768		23,970,259
	<u>152,433,285</u>		<u>133,265,945</u>

- (a) The non-current trade payable represents amount payable to landowner and joint venture partner for certain development project land. Payment will be made as stipulated in the agreements.
- (b) The normal trade credit term granted to the Group ranges from 30 to 60 days (2011: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.
- (c) The currency exposure profile is as follows:

	2012	Group	2011
	RM		RM
Chinese Yuan Renminbi	-		1,035,400

29. **Other Payables**

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current				
Other payables				
- Third parties	78,829,824	97,584,090	383,168	679,179
- Related parties	18,170,309	26,110,622	-	-
	97,000,133	123,694,712	383,168	679,179
Accruals	11,776,019	9,045,749	1,128,348	2,208,092
Deposits				
- Third parties	3,971,113	4,388,810	-	-
- Related parties	-	5,000,000	-	-
	3,971,113	9,388,810	-	-
	<u>112,747,265</u>	<u>142,129,271</u>	<u>1,511,516</u>	<u>2,887,271</u>
Non-current				
Other payables				
- Third parties	27,337,206	50,767,500	-	-
- Related parties	32,082,879	17,655,625	-	-
	<u>59,420,085</u>	<u>68,423,125</u>	<u>-</u>	<u>-</u>
Total other payables	<u>172,167,350</u>	<u>210,552,396</u>	<u>1,511,516</u>	<u>2,887,271</u>

- (a) Included in non-current other payables represents amounts of RM48,113,706 (2011: RM58,348,125) owing to certain former shareholders of subsidiary companies which are not expected to be repaid within the next twelve months.
- (b) In the previous year, included in current other payables is an amount of RM3,803,625 which represent advances from certain former subsidiary companies of a subsidiary company. The subsidiary company is given an option exercisable before 2046 to repurchase equity interest of the former subsidiary companies at a nominal consideration. The advances are unsecured and interest free. During the year, this amount has been fully settled.
- (c) In the previous year, included in deposits (related party) represent amount received from Directors of the Company for purchase of properties amounting to RM5,000,000. During the year, this amount has been fully settled.
- (d) The currency exposure profile is as follows:

	Group	
	2012	2011
	RM	RM
Chinese Yuan Renminbi	-	7,069,106
Hong Kong Dollar	80,311	4,957,692
United States Dollar	<u>130,045</u>	<u>157,823</u>

30. Finance lease payables

	Group	
	2012 RM	2011 RM
(a) Future minimum payments		
Payable within one year	1,106,340	988,866
Payable between one and five years	2,389,730	2,242,510
Payable after five years	171,091	136,980
	<u>3,667,161</u>	<u>3,368,356</u>
Less: Future finance charges	(410,450)	(355,955)
	<u>3,256,711</u>	<u>3,012,401</u>
(b) Present value of finance lease payables		
Repayable within one year	963,404	844,091
Repayable between one and five years	2,129,784	1,970,307
Repayable after five years	163,523	198,003
	<u>3,256,711</u>	<u>3,012,401</u>
Analysed as:		
Repayable within twelve months	963,404	844,091
Repayable after twelve months	2,293,307	2,168,310
	<u>3,256,711</u>	<u>3,012,401</u>

Interest is charged at rates ranging from 2.24% to 4.00% (2011: 2.24% to 3.80%) per annum.

31. Deferred Tax Liabilities

	Group	
	2012 RM	2011 RM
At 1 January	77,770,264	78,565,468
Recognised in profit or loss	(4,679,027)	(3,146,320)
Exchange differences	(891,462)	2,351,116
Transfer to disposal group classified as held for sale	(72,086,005)	-
At 31 December	<u>113,770</u>	<u>77,770,264</u>

The net deferred tax liabilities shown on the statement of financial position after appropriate offsetting are as follows:

	Group	
	2012 RM	2011 RM
Deferred tax liabilities	131,270	77,770,264
Deferred tax assets	(17,500)	-
	<u>113,770</u>	<u>77,770,264</u>

31. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities of the Group are as follows:

	Property, plant and equipment RM	Land and property development costs RM	Others RM	Total RM
At 1 January 2012	36,498,990	41,157,878	113,396	77,770,264
Recognised in profit or loss	(2,430,205)	(2,135,426)	(113,396)	(4,679,027)
Exchange differences	-	(891,462)	-	(891,462)
Transfer to disposal group classified as held for sale	(33,955,015)	(38,130,990)	-	(72,086,005)
At 31 December 2012	<u>113,770</u>	<u>-</u>	<u>-</u>	<u>113,770</u>
At 1 January 2011	34,919,288	43,555,008	91,172	78,565,468
Recognised in profit or loss	(768,020)	(2,397,130)	18,830	(3,146,320)
Exchange differences	2,347,722	-	3,394	2,351,116
At 31 December 2011	<u>36,498,990</u>	<u>41,157,878</u>	<u>113,396</u>	<u>77,770,264</u>

32. Bank Overdrafts

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Secured				
Repayable within twelve months	<u>28,587,302</u>	<u>39,845,877</u>	<u>8,448,931</u>	<u>7,941,107</u>

The bank overdrafts obtained from licensed banks are secured as follows:

- (a) fixed charge on certain subsidiary companies' leasehold buildings as disclosed in Note 3;
- (b) fixed charge on certain subsidiary companies' investment properties as disclosed in Note 6;
- (c) fixed charge on certain subsidiary companies' land banks included in land and property development costs as disclosed in Note 5;
- (d) third party first legal charge over certain individual titles under development;
- (e) fixed charge on certain subsidiary companies, inventories as disclosed in Note 14; and

32. Bank Overdrafts (Cont'd)

- (f) joint and several guarantee of certain Directors of the Company and certain subsidiary companies.

Interest is charged at rates ranging from 8.10% to 8.85% (2011: 7.80% to 8.55%) per annum.

33. Revenue

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
		(restated)		
Property development	502,026,139	414,463,369	-	-
Construction contracts	3,336,984	10,319,193	-	-
Trading and others	4,281,232	279,488	-	-
Management fee from:				
- subsidiary companies	-	-	120,000	120,000
- third parties	-	233,100	-	-
Dividend from subsidiary companies	-	-	21,490,560	18,975,840
	<u>509,644,355</u>	<u>425,295,150</u>	<u>21,610,560</u>	<u>19,095,840</u>

34. Cost of Sales

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
		(restated)		
Property development	356,993,952	282,595,574	-	-
Construction contracts	2,531,737	11,250,365	-	-
Trading and others	3,890,760	4,558	-	-
	<u>363,416,449</u>	<u>293,850,497</u>	<u>-</u>	<u>-</u>

35. Finance Costs

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Interest expenses on:					
Term loans		12,460,467	8,875,715	3,136,537	3,081,982
Bank overdrafts		3,144,763	3,947,364	760,731	802,619
Bridging loans		10,392,224	4,006,043	4,877,971	1,470,264
Revolving credits		1,052,563	2,224,802	1,052,563	2,193,836
Hire purchase		171,339	176,577	-	-
Islamic Securities		5,295,512	4,155,608	5,295,512	4,155,608
Others		2,412,572	1,997,618	-	-
		<u>34,929,440</u>	<u>25,383,727</u>	<u>15,123,314</u>	<u>11,704,309</u>
Less:					
Interest capitalised in property development costs	5	(16,472,193)	(8,200,783)	-	-
Cost sharing with subsidiary companies		-	-	(9,388,013)	(4,622,426)
		<u>18,457,247</u>	<u>17,182,944</u>	<u>5,735,301</u>	<u>7,081,883</u>

36. Profit before Taxation

Profit before taxation is derived after charging/(crediting):

	Group		Company	
	2012 RM	2011 RM (restated)	2012 RM	2011 RM
Auditors' remuneration				
- statutory	238,564	207,661	50,000	35,000
- others	130,500	129,638	10,500	48,000
- under provision in prior years	21,005	24,200	8,000	5,000
Bad debt written off	600,413	622,749	-	-
Director remuneration:				
Company's Directors				
- fee	695,470	665,843	237,600	237,600
- salaries and other emoluments	5,841,472	4,667,342	444,300	452,981
- EPF	886,260	781,137	-	-
- benefit-in-kind	264,638	445,157	-	-

36. **Profit before Taxation (Cont'd)**

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
		(restated)		
Other Directors				
- fee	211,300	283,488	-	-
- salaries and other emoluments	417,049	1,053,511	-	-
- EPF	53,979	33,180	-	-
Deposit written off	-	15,500	-	-
Development costs written off	-	290,992	-	-
Depreciation of:				
- property, plant and equipment	2,250,108	2,710,597	-	-
- investment properties	133,249	113,374	-	-
Inventories written down	659,752	1,704,674	-	-
Impairment on:				
- trade receivables	280,328	895,414	-	-
- other receivables	145,046	3,879,980	-	-
Impairment of goodwill arising on consolidation	11,330,050	5,586,866	-	-
Impairment on investment in subsidiary companies	-	-	-	100,343
Impairment of investment properties	1,400	610,793	-	-
Loss on disposal of associated company	490,000	-	-	-
Property, plant and equipment written off	130,756	370,875	-	-
Rental of premises	109,600	108,750	-	6,243
Rental of office equipment	5,520	5,520	-	-
Share based payment	3,258,606	223,219	3,258,606	223,219
Fair value adjustment on non-current assets and non-current liabilities, net	(3,439,524)	-	-	-
Gain on disposal of associated companies	-	(149,936)	-	-
Gain on disposal of investment property	-	(7,394)	-	-
Gain on disposal of property, plant and equipment	(244,574)	(80,192)	-	-
Gain on disposal of subsidiary companies	-	(393,390)	-	-
Interest income on advance to subsidiary companies	-	-	(1,022,909)	(1,280,131)
Interest income	(2,588,066)	(1,880,238)	(942,973)	(446,340)

36. **Profit before Taxation (Cont'd)**

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
	(restated)			
Receipt on unclaimed monies	-	(57,070)	-	-
Rental income from:				
- investment properties	(717,292)	(750,682)	-	-
- others	(659,037)	(603,464)	-	-
Reversal of impairment on:				
- trade receivables	(5,553)	-	-	-
- other receivables	(275,391)	(385,605)	-	-
Reversal of impairment for foreseeable loss on construction contract	(44,883)	(1,152)	-	-
Reversal of impairment on inventories	(1,704,674)	-	-	-
Reversal of impairment on land and property development costs	(16,052)	-	-	-
Reversal on contingency sum provided in prior years	(3,816,640)	-	-	-
Unrealised gain on foreign exchange	(85,655)	(137,920)	-	-
Waiver of debts	-	(10,000)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

37. **Taxation**

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Continuing operations:				
Current income tax				
Current tax provision	33,365,660	28,862,415	4,262,335	3,251,813
(Over)/Under provision in prior years	(1,466,066)	36,483	58,382	268,565
	<hr/>	<hr/>	<hr/>	<hr/>
	31,899,594	28,898,898	4,320,717	3,520,378

37. **Taxation (Cont'd)**

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Continuing operations:				
Deferred tax				
Relating to origination and reversal of temporary differences	(4,454,233)	(3,302,693)	-	-
(Over)/Under provision in prior years	(224,794)	156,373	-	-
	<u>(4,679,027)</u>	<u>(3,146,320)</u>	<u>-</u>	<u>-</u>
Tax expense attributable to continuing operations	<u>27,220,567</u>	<u>25,752,578</u>	<u>4,320,717</u>	<u>3,520,378</u>
Tax credit attributable to discontinued operations	<u>1,168,015</u>	<u>1,028,321</u>	<u>-</u>	<u>-</u>

Income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the financial year.

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

	Group	
	2012 RM	2011 RM
Profit before taxation	<u>75,014,260</u>	<u>67,744,440</u>
Taxation at statutory rate of 25%	18,753,565	16,936,110
Subsidiary company domiciled in tax heaven country	300,143	286,045
Income not subject to tax	(2,565,396)	(2,853,875)
Expenses not deductible for tax purposes	10,144,531	9,011,809
Deferred tax assets not recognised	2,278,584	3,674,883
Utilisation of previous years unrecognised tax losses and capital allowances	-	(1,506,083)
(Over)/Under provision of taxation in prior years	(1,466,066)	36,483
(Over)/Under provision of deferred tax in prior years	(224,794)	156,373
Others	-	10,833
Tax expense for the financial year	<u>27,220,567</u>	<u>25,752,578</u>

37. Taxation (Cont'd)

	Company	
	2012	2011
	RM	RM
Profit before taxation	<u>12,983,175</u>	<u>11,446,754</u>
Taxation at statutory rate of 25%	3,245,794	2,861,689
Expenses not deductible for tax purposes	1,016,541	390,124
Under provision of taxation in prior years	58,382	268,565
Tax expense for the financial year	<u>4,320,717</u>	<u>3,520,378</u>

The Group has estimated unused tax losses and unutilised capital allowances of RM62,572,409 (2011 : RM54,646,078) and RM1,290,550 (2011 : RM1,131,856) respectively carried forward available for set-off against future taxable profit.

38. Earnings per Share**(a) Basic earnings per share**

The basic earnings per share has been calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2012	2011
	RM	RM
Profit/(Loss) for the financial year attributable to ordinary shareholders		
- from continuing operations	47,793,693	41,991,862
- from discontinued operations	<u>(8,790,263)</u>	<u>(3,938,795)</u>
	<u>39,003,430</u>	<u>38,053,067</u>
Weighted number of ordinary shares in issue	388,707,006	386,552,557
Adjusted for:		
Treasury shares	<u>(5,336,700)</u>	<u>-</u>
	<u>383,370,306</u>	<u>386,552,557</u>
Basic earnings per ordinary shares (in sen)		
- from continuing operations	12.47	10.86
- from discontinued operations	<u>(2.29)</u>	<u>(1.02)</u>
	<u>10.18</u>	<u>9.84</u>

38. Earnings per Share (Cont'd)**(b) Fully diluted earnings per share**

Fully diluted earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the and the adjusted weighted average number of ordinary shares issued and issuable during the year as follows:

	2012	Group	2011
	RM		RM
Profit/(Loss) for the financial year attributable to ordinary shareholders			
- from continuing operations	47,793,693		41,991,862
- from discontinued operations	(8,790,263)		(3,938,795)
	<u>39,003,430</u>		<u>38,053,067</u>
Weighted number of ordinary shares in issue	383,370,306		386,552,557
Adjusted for:			
Assumed exercise of ESOS at no consideration	*		*
Warrants	*		*
	<u>383,370,306</u>		<u>386,552,557</u>
Diluted earnings per ordinary shares (in sen)			
- from continuing operations	12.47		10.86
- from discontinued operations	(2.29)		(1.02)
	<u>10.18</u>		<u>9.84</u>

* The number of shares under ESOS and Warrants was not taken into account in the computation of diluted earnings per share because the effect on the basic earnings per share is antidilutive.

39. Employees' Share Option Scheme

LBS Bina Group Berhad Employees' Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting ("EGM") on 24 June 2002 and became effective on 16 September 2002 for a period of 5 years, and shall lapse on 15 September 2007. Pursuant to the Board's approval on 28 May 2007, the tenure of the ESOS has been extended for a further 5 years, expiring on 15 September 2012.

39. Employees' Share Option Scheme (Cont'd)

The ESOS Bye-Laws were amended and approved by the shareholders at the EGM on 29 June 2005 to include the participation of Non-Executive Directors of the Company and to increase the maximum number of new ordinary shares available under the ESOS from ten per cent (10%) to fifteen per cent (15%) of the total issued and paid-up capital of the Company.

The ESOS Bye-Laws were amended and approved by the shareholders at the EGM on 21 June 2006, to restructure the grading for directors and employees of the Group and also administrating the ESOS when the eligible director or employee moved to a higher or lower staff grade during the duration of the ESOS. In return the said eligible director/employee's Maximum Allowable Allotment shall be varied in accordance with the existing ESOS Bye-Laws accordingly.

The salient features of the ESOS are as follows:

- (a) Eligible employees include Directors of the Company and confirmed full time employees of the Company and its eligible subsidiary companies, whom have served for at least one year of full continuous service in the Group.
- (b) The maximum number of new ordinary shares which may be available under the ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at the point in time during the tenure of the ESOS.
- (c) The ESOS shall be in force for a period of ten years.
- (d) The option is personal to the grantee and is non-assignable.
- (e) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the Company's ordinary shares of RM1.00 each for five (5) market days preceding the date of offer, or the par value of the shares, whichever is higher.
- (f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.
- (g) The options granted may be exercised, subject to the maximum limit of options exercisable in each particular year, at any time within a period of five years from the date of offer of the option or such period as may be specifically stated in the offer upon giving notice in writing.
- (h) The persons to whom the options have been granted shall not participate in more than one employee share option scheme implemented by any company within the Group.

39. **Employees' Share Option Scheme (Cont'd)**

The Company has established a New Employees' Share Option Scheme ("New ESOS") which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012 to replace the Company's previous ESOS which was implemented on 16 September 2002 and expired on 15 September 2012.

The New ESOS became effective for a period of 10 years from 18 September 2012 to 17 September 2022.

The salient features of the New ESOS are as follows:

- (a) Eligible employees include Directors of the Company and confirmed full time employees of the Company and its eligible subsidiary companies or under a fixed term employment contract, the contract should be for a duration of at least one (1) year, whom must be a Malaysian citizen, shall have attained the age of eighteen (18) years and have served for at least one year of full continuous service in the Group.
- (b) The maximum number of new ordinary shares which may be available under the New ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at the point in time during the tenure of the New ESOS.
- (c) The new Company's shares of RM1.90 each ("New Shares") to be allotted and issued upon the exercise of the New ESOS Option shall, upon allotment and issue, rank *pari passu* in all respects with the existing Company's ordinary shares of RM1.00 each save and except that the shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the said New Shares.
- (d) The New ESOS shall be in force for a period of ten years.
- (e) The option is personal to the grantee and is non-assignable.
- (f) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the Company's ordinary shares of RM1.00 each for five (5) market days preceding the date of offer, or the par value of the shares, whichever is higher.
- (g) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.
- (h) The options granted may be exercised, subject to the maximum limit of options exercisable in each particular year, at any time within a period of ten years from the date of offer of the option or such period as may be specifically stated in the offer upon giving notice in writing.
- (i) The persons to whom the options have been granted shall not participate in more than one employee share option scheme implemented by any company within the Group.

39. Employees' Share Option Scheme (Cont'd)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	Number of share options over ordinary shares of RM1.00 each					
	At 1 January	Granted	Forfeited	Expired	At 31 December	Exercisable at 31 December
2012						
ESOS						
First Grant	9,607,500	-	-	(9,607,500)	-	-
Second Grant	68,500	-	-	(68,500)	-	-
Third Grant	504,000	-	-	(504,000)	-	-
Fourth Grant	253,500	-	-	(253,500)	-	-
Fifth Grant	607,500	-	(2,500)	(605,000)	-	-
Sixth Grant	1,123,500	-	(1,000)	(1,122,500)	-	-
Special Grant	3,208,000	-	-	(3,208,000)	-	-
Seventh Grant	203,000	-	(7,000)	(196,000)	-	-
Eighth Grant	2,360,500	-	-	(2,360,500)	-	-
Ninth Grant	3,421,500	-	(22,000)	(3,399,500)	-	-
Tenth Grant	621,500	-	-	(621,500)	-	-
Eleventh Grant	787,000	-	(13,000)	(774,000)	-	-
Twelfth Grant	543,000	-	-	(543,000)	-	-
Thirteenth Grant	827,500	-	(21,000)	(806,500)	-	-
Fourteenth Grant	752,500	-	(2,500)	(750,000)	-	-
Fifteenth Grant	2,199,000	-	(68,000)	(2,131,000)	-	-
Sixteenth Grant	2,046,500	-	(5,000)	(2,041,500)	-	-
Seventeenth Grant	1,180,500	-	(4,500)	(1,176,000)	-	-
Eighteenth Grant	1,765,500	-	(45,500)	(1,720,000)	-	-
Nineteenth Grant	1,822,500	-	(109,500)	(1,713,000)	-	-
Twentieth Grant	-	2,197,500	(100,000)	(2,097,500)	-	-
New ESOS						
First Grant	-	34,263,000	(65,250)	-	34,197,750	34,197,750
	<u>33,903,000</u>	<u>36,460,500</u>	<u>(466,750)</u>	<u>(35,699,000)</u>	<u>34,197,750</u>	<u>34,197,750</u>
WAEP	<u>1.01</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>

39. Employees' Share Option Scheme (Cont'd)

	Number of share options over ordinary shares of RM1.00 each					Exercisable at
	At 1 January	Granted	Forfeited	Expired	At 31 December	
2011						
First Grant	9,610,000	-	(2,500)	-	9,607,500	9,607,500
Second Grant	68,500	-	-	-	68,500	68,500
Third Grant	515,500	-	(11,500)	-	504,000	504,000
Fourth Grant	253,500	-	-	-	253,500	253,500
Fifth Grant	628,000	-	(20,500)	-	607,500	607,500
Sixth Grant	1,127,000	-	(3,500)	-	1,123,500	1,123,500
Special Grant	3,227,500	-	(19,500)	-	3,208,000	3,208,000
Seventh Grant	203,000	-	-	-	203,000	203,000
Eighth Grant	2,397,500	-	(37,000)	-	2,360,500	2,360,500
Ninth Grant	3,421,500	-	-	-	3,421,500	3,421,500
Tenth Grant	650,500	-	(29,000)	-	621,500	621,500
Eleventh Grant	787,000	-	-	-	787,000	787,000
Twelfth Grant	576,500	-	(33,500)	-	543,000	543,000
Thirteenth Grant	852,500	-	(25,000)	-	827,500	827,500
Fourteenth Grant	804,500	-	(52,000)	-	752,500	752,500
Fifteenth Grant	2,225,000	-	(26,000)	-	2,199,000	2,199,000
Sixteenth Grant	2,080,500	-	(34,000)	-	2,046,500	2,046,500
Seventeenth Grant	1,273,500	-	(93,000)	-	1,180,500	1,180,500
Eighteenth Grant	-	1,910,500	(145,000)	-	1,765,500	1,765,500
Nineteenth Grant	-	1,822,500	-	-	1,822,500	1,822,500
	30,702,000	3,733,000	(532,000)	-	33,903,000	33,903,000
 WAEP	 1.01	 1.00	 1.01	 -	 1.01	 1.01

39. Employees' Share Option Scheme (Cont'd)

Details of share options outstanding at end of the financial year are as follows:

Share Options	Exercise prices		Exercise periods
	2012 RM	2011 RM	
ESOS			
First Grant	1.00	1.00	10.06-2003 - 15.09.2012
Second Grant	1.00	1.00	30.06.2003 - 15.09.2012
Third Grant	1.23	1.23	31.12.2003 - 15.09.2012
Fourth Grant	1.29	1.29	30.06.2004 - 15.09.2012
Fifth Grant	1.06	1.06	31.12.2004 - 15.09.2012
Sixth Grant	1.00	1.00	30.06.2005 - 15.09.2012
Special Grant	1.00	1.00	01.08.2005 - 15.09.2012
Seventh Grant	1.00	1.00	31.12.2005 - 15.09.2012
Eighth Grant	1.00	1.00	30.06.2006 - 15.09.2012
Ninth Grant	1.00	1.00	31.12.2006 - 15.09.2012
Tenth Grant	1.00	1.00	30.06.2007 - 15.09.2012
Eleventh Grant	1.00	1.00	31.12.2007 - 15.09.2012
Twelfth Grant	1.00	1.00	30.06.2008 - 15.09.2012
Thirteenth Grant	1.00	1.00	31.12.2008 - 15.09.2012
Fourteenth Grant	1.00	1.00	30.06.2009 - 15.09.2012
Fifteenth Grant	1.00	1.00	31.12.2009 - 15.09.2012
Sixteenth Grant	1.00	1.00	30.06.2010 - 15.09.2012
Seventeenth Grant	1.00	1.00	31.12.2010 - 15.09.2012
Eighteenth Grant	1.00	1.00	30.06.2011 - 15.09.2012
Nineteenth Grant	1.00	1.00	31.12.2011 - 15.09.2012
Twentieth Grant	1.00	-	30.06.2012 - 15.09.2012
<hr/>			
New ESOS			
First Grant	1.00	-	18.09.2012 - 17.09.2022

39. Employees' Share Option Scheme (Cont'd)

The fair value of share options granted during the year was estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2012	2011
	RM	RM
Fair value of share options		
at the following grant dates		
30 June 2005	0.122	0.122
1 August 2005	0.118	0.118
31 December 2005	0.026	0.026
30 June 2006	0.059	0.059
31 December 2006	0.043	0.043
30 June 2007	0.134	0.134
31 December 2007	0.049	0.049
30 June 2008	0.009	0.009
31 December 2008	0.001	0.001
30 June 2009	0.012	0.012
31 December 2009	0.035	0.035
30 June 2010	0.027	0.027
31 December 2010	0.031	0.031
30 June 2011	0.106	0.106
31 December 2011	0.044	0.044
30 June 2012	0.001	-
	<hr/>	<hr/>
Weighted average share price (RM)	0.60	0.59
Weighted average exercise price (RM)	1.01	1.01
Expected volatility (%)	27	41
Expected option life (years)	1 to 7	1 to 7
Risk-free interest rate, p.a. (%)	3.17	3.23
Expected dividend yield (%)	2.81	-
	<hr/>	<hr/>

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

39. Employees' Share Option Scheme (Cont'd)

Executive Directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	Group	
	2012 RM	2011 RM
At 1 January	19,961,500	15,106,000
Additions *	2,121,000	3,195,500
Granted and accepted	165,000	1,660,000
Expired	(22,247,500)	-
At 31 December	<u>-</u>	<u>19,961,500</u>

* Share options previously granted to additional members of key management during the financial year ended 31 December 2011

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

The fair value of share options granted during the year was estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2012 RM	2011 RM
Fair value of share options at the following grant dates 15 September 2012	<u>0.06 - 0.17</u>	<u>-</u>
Weighted average share price (RM)	0.84	-
Weighted average exercise price (RM)	1.00	-
Expected volatility (%)	35.68	-
Expected option life (years)	10	-
Risk-free interest rate, p.a. (%)	3.21	-
Expected dividend yield (%)	<u>2.81</u>	<u>-</u>

The expected life of the new share options is based on historical data and is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

39. Employees' Share Option Scheme (Cont'd)

Executive Directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	Group	
	2012	2011
	RM	RM
At 1 January	-	-
Granted and accepted	20,103,000	-
At 31 December	<u>20,103,000</u>	<u>-</u>

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

40. Staff Costs

		Group	
	Note	2012	2011
		RM	RM
			(restated)
Staff costs (excluding Directors) comprise:			
- charged to statements of comprehensive income		17,670,582	15,062,837
- capitalised in property development costs	5	923,736	472,351
Total staff costs for the financial year		<u>18,594,318</u>	<u>15,535,188</u>

Included in the total staff costs above are contributions made to the Employees Provident Fund for employees in Malaysia under a defined contribution plan for the Group amounting to RM1,864,042 (2011: RM1,465,544).

41. Dividend

	Group/Company	
	2012	2011
	RM	RM
First and final dividend of 2.5 sen less 25% taxation on 381,225,857 ordinary shares of RM1.00 each, in respect of the financial year ended 31 December 2011	<u>7,147,992</u>	<u>-</u>

42 Related Party Disclosures**(a) Identity of related parties**

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and/or the Company either directly or indirectly. The key management personnel include all the Directors of the Group and/or of the Company and certain members of senior management of the Group and/or of the Company.

The Group and the Company have related party relationship with its subsidiary companies, key management personnel and directors' related companies.

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

	2012	2011
	RM	RM
Group		
Other related parties:		
Sale of properties	41,652,824	55,266,047
Contractors fee	14,984,009	25,716,481
Rendering of services	71,597	110,962
Rental income	7,200	7,200
Rental expenses	106,300	85,800
Provision of services as advocates and solicitors	250,170	601,104
	<hr/>	<hr/>
Company		
Subsidiary companies:		
Management fee	120,000	120,000
Dividend income	21,490,560	18,975,840
Interest income	1,022,909	1,280,131
Provision of services as advocates and solicitors	-	34,000
Settlement of liabilities on behalf of the company	180,000	-
	<hr/>	<hr/>

42 Related Party Disclosures (Cont'd)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year : (cont'd)

The nature and relationship between the Group and the related parties are as follows:-

- (i) A firm or companies in which a close family member of certain Directors of the Company or a subsidiary company have financial interest;
 - (ii) A firm or companies in which certain Directors of the Company or its subsidiaries have financial interest;
 - (iii) A person who has financial interest in a subsidiary company; and
 - (iv) Directors and key management personnel of the Company and their close family members.
- (c) Information regarding outstanding balances arising from related party transactions as at 31 December 2012 is disclosed in Notes 9, 10, 16, 28, and 29.
- (d) Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short-term employee benefits	11,554,345	11,958,904	384,000	384,000
Share based payments	<u>2,101,592</u>	<u>104,159</u>	<u>2,101,592</u>	<u>104,159</u>

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Director of the Company.

43. Segment Information

The Group has five major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

43. Segment Information (Cont'd)

The main business segments of the Group comprise the following:

Property development	Development of residential, industrial and commercial properties.
Management and investment	Investment holding and provision of management services.
Trading	Trading in building material, insurance agent, and selling of membership and covering insurance.
Construction	Building, project planning cum implementation contractor.
Golf courses and club house	Golf club development and management.

Other business segments include selling of membership cards covering personal insurance and insurance agent, none of which are of a sufficient size to be reported separately.

The accounting policies of the segments are consistent with the accounting policies of the Group.

Performance is measured based on segment profit before tax, interest and depreciation, as included in the internal management reports that are reviewed by the Group's Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence no disclosure is made on segment liability.

Geographical segments

In determining the Group segment revenue is based on the geographical location of customers as follows:

	2012 RM	2011 RM
Malaysia	<u>509,644,355</u>	<u>425,295,150</u>

43. **Segment Information (Cont'd)**

	Property Development RM	Management and Investment RM	Trading RM	Construction RM	Others RM	Total RM	Discontinued Operations RM	Total RM
2012								
Revenue								
Sales	502,026,139	61,420,796	26,660,060	212,393,439	231,272	802,731,706	22,175,899	824,907,605
Less: Inter-segment sales	-	(61,420,796)	(22,610,100)	(209,056,455)	-	(293,087,351)	-	(293,087,351)
	<u>502,026,139</u>	<u>-</u>	<u>4,049,960</u>	<u>3,336,984</u>	<u>231,272</u>	<u>509,644,355</u>	<u>22,175,899</u>	<u>531,820,254</u>
Results								
Segment results	96,339,153	(5,544,756)	41,270	169,316	(19,995)	90,984,988	(10,033,503)	80,951,485
Interest income	1,622,520	942,973	-	22,573	-	2,588,066	75,224	2,663,290
Finance costs	(11,109,460)	(7,325,490)	(4,614)	(17,683)	-	(18,457,247)	-	(18,457,247)
Share of loss in associated companies	-	-	-	-	(101,547)	(101,547)	-	(101,547)
	<u>86,852,213</u>	<u>(11,927,273)</u>	<u>36,656</u>	<u>174,206</u>	<u>(121,542)</u>	<u>75,014,260</u>	<u>(9,958,279)</u>	<u>65,055,981</u>
Taxation	(28,400,263)	1,051,923	(13,226)	140,999	-	(27,220,567)	1,168,015	(26,052,552)
Profit/(Loss) for the financial year	<u>58,451,950</u>	<u>(10,875,350)</u>	<u>23,430</u>	<u>315,205</u>	<u>(121,542)</u>	<u>47,793,693</u>	<u>(8,790,264)</u>	<u>39,003,429</u>
Assets								
Additional investment in associated companies	410,030	-	-	-	-	410,030	-	410,030
Additional to non-current assets	41,959,451	-	-	9,872,330	-	51,831,781	13,184,908	65,016,689
Segment assets	<u>886,652,758</u>	<u>69,339,761</u>	<u>721,370</u>	<u>30,372,822</u>	<u>646,879</u>	<u>987,733,590</u>	<u>447,274,727</u>	<u>1,435,008,317</u>

43. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading RM	Construction RM	Others RM	Total RM	Discontinued Operations RM	Total RM
2012								
Other non-cash expenses								
Bad debts written off	529,119	70,359	-	-	935	600,413	54,689	655,102
Depreciation of property, plant and equipment	2,332,563	3,555	15,912	31,327	-	2,383,357	11,410,326	13,793,683
Capital work-in-progress written off	-	-	-	-	-	-	242,448	242,448
Impairment on investment properties	1,400	-	-	-	-	1,400	-	1,400
Impairment on trade and others receivables	385,759	-	-	-	39,615	425,374	1,932,175	2,357,549
Inventories written down	659,752	-	-	-	-	659,752	-	659,752
Property, plant and equipment written off	5,243	-	-	125,440	73	130,756	72,343	203,099
Loss on disposal of property, plant and equipment	14,181	-	-	-	-	14,181	-	14,181
Loss on disposal of associated company	-	490,000	-	-	-	490,000	-	490,000
Unrealised loss on foreign exchange	-	3,517	-	-	-	3,517	233,359	236,876
Impairment of goodwill arising on consolidation	11,330,050	-	-	-	-	11,330,050	-	11,330,050
Share based payment	-	3,258,606	-	-	-	3,258,606	-	3,258,606

43. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading RM	Construction RM	Others RM	Total RM	Discontinued Operations RM	Total RM
2012								
Other non-cash income								
Gain on disposal of property, plant and equipment	(202,394)	-	-	(56,359)	-	(258,753)	(8,317)	(267,070)
Unrealised gain on foreign exchange	-	(89,172)	-	-	-	(89,172)	(286,969)	(376,141)
Reversal of impairment for land and property development costs	(16,052)	-	-	-	-	(16,052)	-	(16,052)
Reversal on contingency sum provided in prior years	(3,816,640)	-	-	-	-	(3,816,640)	-	(3,816,640)
Reversal of impairment on trade and others receivables	(278,629)	(2,315)	-	-	-	(280,944)	-	(280,944)
Reversal of impairment on inventories	(1,704,674)	-	-	-	-	(1,704,674)	-	(1,704,674)
Reversal of impairment on foreseeable loss on construction contract	-	-	-	(44,883)	-	(44,883)	-	(44,883)
Fair value adjustment on non-current assets and non-current liabilities, net	(3,439,524)	-	-	-	-	(3,439,524)	-	(3,439,524)
Waiver of debts	-	-	-	-	-	-	(433,359)	(433,359)

43. **Segment Information (Cont'd)**

	Property Development RM	Management and Investment RM	Trading RM	Construction RM	Others RM	Total RM	Discontinued Operations RM	Total RM
2011								
Revenue								
Sales	417,749,272	29,875,385	26,031,856	146,416,947	279,488	620,352,948	24,269,761	644,622,709
Less: Inter-segment sales	(3,285,903)	(29,642,285)	(26,031,856)	(136,097,754)	-	(195,057,798)	-	(195,057,798)
	<u>414,463,369</u>	<u>233,100</u>	<u>-</u>	<u>10,319,193</u>	<u>279,488</u>	<u>425,295,150</u>	<u>24,269,761</u>	<u>449,564,911</u>
Results								
Segment results	91,096,568	(4,670,875)	(115,226)	(3,127,374)	87,787	83,270,880	(5,126,616)	78,144,264
Interest income	1,274,397	605,841	-	-	-	1,880,238	159,500	2,039,738
Finance costs	(7,856,754)	(9,267,143)	-	(59,047)	-	(17,182,944)	-	(17,182,944)
Share of loss in associated companies	-	-	-	-	(223,734)	(223,734)	-	(223,734)
	<u>84,514,211</u>	<u>(13,332,177)</u>	<u>(115,226)</u>	<u>(3,186,421)</u>	<u>(135,947)</u>	<u>67,744,440</u>	<u>(4,967,116)</u>	<u>62,777,324</u>
Taxation	(22,010,787)	(3,520,378)	(48,042)	(173,371)	-	(25,752,578)	1,028,321	(24,724,257)
Profit/(loss) for the financial year	<u>62,503,424</u>	<u>(16,852,555)</u>	<u>(163,268)</u>	<u>(3,359,792)</u>	<u>(135,947)</u>	<u>41,991,862</u>	<u>(3,938,795)</u>	<u>38,053,067</u>
Assets								
Additional investment in associated companies	-	60,000	-	-	-	60,000	-	60,000
Additional to non-current assets	34,592,986	770,872	-	4,927,747	-	40,291,605	4,473,296	44,764,901
Segment assets	<u>1,134,981,179</u>	<u>64,128,979</u>	<u>669,906</u>	<u>35,580,621</u>	<u>898,541</u>	<u>1,236,259,226</u>	<u>233,227,215</u>	<u>1,469,486,441</u>

43. **Segment Information (Cont'd)**

	Property Development RM	Management and Investment RM	Trading RM	Construction RM	Others RM	Total RM	Discontinued Operations RM	Total RM
2011								
Other non-cash expenses								
Bad debts written off	5,000	611,352	-	-	6,397	622,749	-	622,749
Depreciation of property, plant and equipment	1,837,143	3,050	-	983,708	70	2,823,971	10,744,193	13,568,164
Development costs written off	290,992	-	-	-	-	290,992	-	290,992
Unrealised loss on foreign exchange	-	153,522	-	-	-	153,522	756,048	909,570
Impairment on investment properties	69,200	-	-	541,593	-	610,793	-	610,793
Impairment on trade and others receivables	3,881,132	-	-	894,262	-	4,775,394	39,191	4,814,585
Inventories written down	1,704,674	-	-	-	-	1,704,674	-	1,704,674
Property, plant and equipment written off	1,692	-	-	368,123	-	369,815	1,060	370,875
Deposit written off	15,500	-	-	-	-	15,500	-	15,500
Impairment of goodwill arising on consolidation	5,586,866	-	-	-	-	5,586,866	-	5,586,866
Share based payment	-	223,219	-	-	-	223,219	-	223,219
Other non-cash income								
Gain on disposal of investment properties	(7,394)	-	-	-	-	(7,394)	-	(7,394)
Gain on disposal of property, plant and equipment	(77,484)	-	-	(1,648)	-	(79,132)	-	(79,132)
Gain on disposal of subsidiary companies	-	(393,390)	-	-	-	(393,390)	-	(393,390)
Gain on disposal of associated company	-	(149,936)	-	-	-	(149,936)	-	(149,936)
Unrealised gain on foreign exchange	-	-	-	-	-	-	(901,769)	(901,769)
Reversal of impairment on trade and others receivables	(125,604)	-	-	(260,001)	-	(385,605)	-	(385,605)
Reversal of impairment on foreseeable losses on construction contract	-	-	-	(1,152)	-	(1,152)	-	(1,152)
Waiver of debts	(10,000)	-	-	-	-	(10,000)	(157,558)	(167,558)

44. Contingent Liabilities

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Corporate guarantees given to the license banks for credit facility granted to subsidiary companies - unsecured	-	-	192,328,719	171,239,861
Corporate guarantees given to the suppliers of goods for credit terms granted to subsidiary companies - unsecured	-	-	1,438,673	826,049
Banker's guarantees in favour of the local authorities for the purpose of development projects - Secured	<u>12,639,823</u>	<u>9,248,662</u>	<u>-</u>	<u>-</u>

45. Financial Instruments**(a) Classification of financial instruments**

The table below provides an analysis of financial instruments categories:

	Carrying amount	Loans and receivables	Available-for-sales	Financial liabilities at amortised cost
	RM	RM	RM	RM
Group				
2012				
Financial Assets				
Other investments	1,253,500	-	1,253,500	-
Trade receivables	175,509,309	175,509,309	-	-
Other receivables	43,295,408	43,295,408	-	-
Fixed deposits with licensed banks	40,203,331	40,203,331	-	-
Cash held under Housing Development Accounts	36,936,008	36,936,008	-	-
Cash and bank balances	19,957,526	19,957,526	-	-
Total financial assets	<u>317,155,082</u>	<u>315,901,582</u>	<u>1,253,500</u>	<u>-</u>

45. **Financial Instruments (Cont'd)**

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

	Carrying amount RM	Loans and receivables RM	Available- for-sales RM	Financial liabilities at amortised cost RM
Group				
2012				
Financial Liabilities				
Trade payables	152,433,285	-	-	152,433,285
Other payables	172,167,350	-	-	172,167,350
Finance lease payables	3,256,711	-	-	3,256,711
Islamic Securities	75,000,000	-	-	75,000,000
Bank borrowings and overdrafts	351,071,107	-	-	351,071,107
Total financial liabilities	<u>753,928,453</u>	-	-	<u>753,928,453</u>
2011				
Financial Assets				
Other investments	1,253,500	-	1,253,500	-
Trade receivables	158,209,207	158,209,207	-	-
Other receivables	109,810,058	109,810,058	-	-
Fixed deposits with licensed banks	28,900,452	28,900,452	-	-
Cash held under Housing Development Accounts	37,663,632	37,663,632	-	-
Cash and bank balances	65,269,134	65,269,134	-	-
Total financial assets	<u>401,105,983</u>	<u>399,852,483</u>	<u>1,253,500</u>	<u>-</u>
Financial Liabilities				
Trade payables	133,265,945	-	-	133,265,945
Other payables	210,552,396	-	-	210,552,396
Finance lease payables	3,012,401	-	-	3,012,401
Islamic Securities	135,000,000	-	-	135,000,000
Bank borrowings and overdrafts	341,601,293	-	-	341,601,293
Total financial liabilities	<u>823,432,035</u>	-	-	<u>823,432,035</u>

45. **Financial Instruments (Cont'd)**

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

	Carrying amount RM	Loans and receivables RM	Available- for-sales RM	Financial liabilities at amortised cost RM
Company				
2012				
Financial Assets				
Other receivables	4,500	4,500	-	-
Amount owing by subsidiary companies	66,231,446	66,231,446	-	-
Fixed deposits with licensed banks	38,645,711	38,645,711	-	-
Cash and bank balances	938,771	938,771	-	-
Total financial assets	<u>105,820,428</u>	<u>105,820,428</u>	-	-
Financial Liabilities				
Other payables	1,511,516	-	-	1,511,516
Bank borrowings and overdrafts	124,486,642	-	-	124,486,642
Amount owing to subsidiary companies	2,392,201	-	-	2,392,201
Islamic Securities	75,000,000	-	-	75,000,000
Total financial liabilities	<u>203,390,359</u>	-	-	<u>203,390,359</u>
2011				
Financial Assets				
Other receivables	10,586,198	10,586,198	-	-
Amount owing by subsidiary companies	134,234,568	134,234,568	-	-
Fixed deposits with licensed banks	27,510,000	27,510,000	-	-
Cash and bank balances	3,951,566	3,951,566	-	-
Total financial assets	<u>176,282,332</u>	<u>176,282,332</u>	-	-
Financial Liabilities				
Other payables	2,887,271	-	-	2,887,271
Bank borrowings and overdrafts	134,305,233	-	-	134,305,233
Amount owing to subsidiary companies	1,032,483	-	-	1,032,483
Islamic Securities	135,000,000	-	-	135,000,000
Total financial liabilities	<u>273,224,987</u>	-	-	<u>273,224,987</u>

45. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flows risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The Group and the Company have exposure to the following risks from its use of financial instruments:

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed bank, cash held under Housing Development Accounts and cash at bank. Fixed deposits with licensed banks, Cash held under Housing Development Account and cash at banks are placed with a credit worthy financial institution.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via Company's management reporting procedures and action will be taken for long outstanding debts. Majority of the receivables are from property development segment. The credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting represents the Group's and the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk except as disclosed in Notes 9 and 10.

45. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, bank borrowings, amount owing to subsidiary companies and amount owing to related companies.

The Group's and the Company's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

45. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
Group						
2012						
Trade payables	152,433,285	152,433,285	124,889,517	9,614,136	3,123,232	14,806,400
Other payables	172,167,350	172,167,350	112,747,264	58,563,447	856,639	-
Islamic securities	75,000,000	75,000,000	-	15,000,000	60,000,000	-
Bank borrowings and overdrafts	351,071,107	351,071,107	127,985,865	98,897,538	120,900,895	3,286,809
Finance lease payables	3,256,711	3,256,711	963,404	750,375	1,040,851	502,081
	753,928,453	753,928,453	366,586,050	182,825,496	185,921,617	18,595,290
2011						
Trade payables	133,265,945	133,265,945	109,295,686	5,524,513	18,445,746	-
Other payables	210,552,396	210,552,396	142,129,271	47,822,163	20,600,962	-
Islamic securities	135,000,000	135,000,000	-	40,000,000	95,000,000	-
Bank borrowings and overdrafts	341,601,293	341,601,293	96,332,308	96,792,429	139,861,534	8,615,022
Finance lease payables	3,012,401	3,012,401	844,091	862,922	1,107,385	198,003
	823,432,035	823,432,035	348,601,356	191,002,027	275,015,627	8,813,025

45. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
Company 2012						
Other payables	1,511,516	1,511,516	1,511,516	-	-	-
Islamic securities	75,000,000	75,000,000	-	15,000,000	60,000,000	-
Amount owing to subsidiary companies	2,392,201	2,392,201	2,392,201	-	-	-
Bank borrowings and overdrafts	124,486,642	124,486,643	66,081,553	41,492,193	16,912,897	-
	<u>203,390,359</u>	<u>203,390,360</u>	<u>69,985,270</u>	<u>56,492,193</u>	<u>76,912,897</u>	<u>-</u>
2011						
Other payables	2,887,271	2,887,271	2,887,271	-	-	-
Islamic securities	135,000,000	135,000,000	-	40,000,000	95,000,000	-
Amount owing to subsidiary companies	1,032,483	1,032,483	1,032,483	-	-	-
Bank borrowings and overdrafts	134,305,233	134,305,233	26,722,797	67,991,853	39,590,583	-
	<u>273,224,987</u>	<u>273,224,987</u>	<u>30,642,551</u>	<u>107,991,853</u>	<u>134,590,583</u>	<u>-</u>

45. Financial Instruments (Cont'd)**(b) Financial risk management objectives and policies (cont'd)****(iii) Market risk****Foreign currency exchange risk**

The Group is exposed to foreign currency risk on transactions that are denominated in foreign currencies primarily United States Dollar (USD), Hong Kong Dollar (HKD) and Chinese Renminbi (RMB).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD RM	HKD RM	RMB RM	Total RM
Group				
2012				
Financial Assets				
Trade and other receivables	-	1,992,529	-	1,992,529
Cash and bank balances	5,560	23,456	38,332	67,348
	<u>5,560</u>	<u>2,015,985</u>	<u>38,332</u>	<u>2,059,877</u>
Financial Liabilities				
Trade and other payables	130,045	80,311	-	210,356
Bank borrowings	12,230,928	-	-	12,230,928
	<u>12,360,973</u>	<u>80,311</u>	<u>-</u>	<u>12,441,284</u>
2011				
Financial Assets				
Trade and other receivables	22,271,340	5,994,056	54,906,209	83,171,605
Fixed deposits with licensed banks	-	-	364,390	364,390
Cash and bank balances	17,107,730	953,050	8,937,957	26,998,737
	<u>39,379,070</u>	<u>6,947,106</u>	<u>64,208,556</u>	<u>110,534,732</u>

45. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

Foreign currency exchange risk (cont'd)

	USD RM	HKD RM	RMB RM	Total RM
Group				
2011				
Financial Liabilities				
Trade and other payables	157,823	4,957,692	8,104,506	13,220,021
Bank borrowings	11,135,513	-	-	11,135,513
	<u>11,293,336</u>	<u>4,957,692</u>	<u>8,104,506</u>	<u>24,355,534</u>

Foreign currency risk sensitivity

A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase/(decrease) the profit before tax and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

Group	USD RM	HKD RM	RMB RM
2012			
Profit before taxation	<u>1,235,541</u>	<u>(193,567)</u>	<u>(3,833)</u>
2011			
Profit before taxation	<u>(2,808,573)</u>	<u>(198,941)</u>	<u>(5,610,405)</u>

A 10% weakening of Ringgit Malaysia against the above foreign currency at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

Interest rate risk

The Group and the Company obtains financing through other financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

45. Financial Instruments (Cont'd)**(b) Financial risk management objectives and policies (cont'd)****(iii) Market risk (cont'd)****Interest rate risk (cont'd)**

The Group and the Company constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2012	2011
	RM	RM
Group		
Financial Assets		
Fixed deposits with licensed banks	40,203,331	28,900,452
Cash Held under Housing Development Accounts	<u>36,936,008</u>	<u>37,663,632</u>
	<u>77,139,339</u>	<u>66,564,084</u>
Financial Liability		
Bank borrowings and bank overdrafts	<u>351,071,107</u>	<u>341,601,293</u>
Company		
Financial Assets		
Fixed deposits with licensed banks	<u>38,645,711</u>	<u>27,510,000</u>
Financial Liability		
Bank borrowings and bank overdrafts	<u>124,486,642</u>	<u>134,305,233</u>

The Group and the Company are exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Group and the Company.

45. Financial Instruments (Cont'd)**(b) Financial risk management objectives and policies (cont'd)****(iii) Market risk (cont'd)****Interest rate risk sensitivity**

An increase in market interest rates by 1% on financial assets and liabilities of the Group and of the Company which have variable interest rates at the end of the reporting date would decrease the profit before tax by RM2,739,318 and RM858,409 (2011: RM2,750,372 and RM1,067,952). This analysis assumes that all other variables remain unchanged.

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

(c) Fair value of financial instruments

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methods and assumptions used to estimate the fair values of each class of financial instruments are as follows:

(i) Cash and cash equivalents, trade and other receivables, intercompany balances, trade and other payables

The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period.

45. Financial Instruments (Cont'd)**(c) Fair value of financial instruments (cont'd)****(ii) Other financial assets**

Marketable securities quoted in an active market are carried at market value. Securities that are not quoted in an active market, for which there is no observable market data and fair value cannot be reliably measured, are carried at acquisition cost.

(iii) Long-term borrowings

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.

The carrying amounts of the Group's and of the Company's financial assets and liabilities at reporting date approximate their fair value except as follows:

	2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial Assets				
Other investment	1,253,500	*	1,253,500	*
Financial Liabilities				
Trade payables	27,543,768	27,543,768	23,970,259	23,970,259
Other payables	59,420,085	59,420,085	68,423,125	68,423,125
Finance lease payables	2,293,307	2,070,127	2,168,310	1,928,242
Islamic securities	75,000,000	69,190,777	135,000,000	123,661,283
Contingent liabilities	12,639,823	@	9,248,662	@
Company				
Financial Liabilities				
Islamic securities	75,000,000	69,190,777	135,000,000	123,661,283
Contingent liabilities	193,767,392	@	172,065,910	@

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

* It is not practicable to estimate the fair value of the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

46. **Capital Management**

The Group and the Company's management manage its capital to ensure that the Company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

The capital of the Group and the Company consists of issued capital, reserves, cash and cash equivalents, bank borrowings.

The Group's and the Company's gearing ratio are measured using total external borrowings over shareholders' equity. As at reporting date, the Group's and the Company's gearing ratio are 0.96 and 1.14 (2011: 0.67 and 0.90) respectively.

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

47. **Significant Events**

During the financial year, the following significant events took place for the Company and its subsidiary companies:

(a) **Astana Modal (M) Sdn Bhd**

On 18 January 2012, Astana Modal (M) Sdn Bhd ("AMSB"), a wholly-owned subsidiary of LBS has increased its paid-up share capital from 4,500,000 to 12,500,000 ordinary shares of RM1.00 each. LBS has subscribed all its shareholding in AMSB by way of capitalization.

(b) **Pristine Sunrise (M) Sdn Bhd**

On 12 March 2012, Pristine Sunrise (M) Sdn Bhd ("PSSB"), an 30% associated company of LBS has increased its paid-up share capital from 50,000 to 250,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional of 60,000 ordinary share of RM1.00 each in PSSB by way of cash. PSSB remained 30% associated company of LBS.

(c) **Casa Inspirasi Sdn Bhd**

On 13 March 2012, Casa Inspirasi Sdn Bhd ("CISB"), an 40% associated company of LBS has increased its paid-up share capital from 100,000 to 275,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional of 70,000 ordinary share of RM1.00 each in CISB by way of cash. CISB remained as 40% associated company of LBS.

47. Significant Events (cont'd)

(d) Cergas Asal (M) Sdn Bhd

On 8 May 2012, Cergas Asal (M) Sdn Bhd ("CASB"), a wholly-owned subsidiary of LBS has increased its paid-up share capital from 2,500,100 to 5,000,000 ordinary shares of RM1.00 each. LBS has subscribed all its shareholdings in CASB by way of capitalization.

(e) Warnasari Idaman Sdn Bhd

On 9 October 2012, Warnasari Idaman Sdn Bhd ("WISB") increased its paid-up share capital from 2 to 100 ordinary shares of RM1.00 each. LBS subscribed for Thirty (30) ordinary shares of RM1.00 each in WISB. Consequently, WISB became a 30% associated company of LBS.

(f) LBS Bina Group Berhad

On 18 April 2012, the Company has entered into a Memorandum of Understanding ("MoU") for the proposed disposal of up to 100% but not less than 60% equity interest in Dragon Hill Corporation Limited ("Dragon Hill"), a wholly-owned subsidiary of Intellplace Holdings Limited ("IHL"), which in turn is a wholly-owned subsidiary of LBGB with Jiuzhou Tourism Property Company Limited ("Jiuzhou Tourism") (formerly known as Jiuzhou Technology Company Limited), a wholly-owned subsidiary of Zhuhai Holdings Investment Group Limited ("Zhuhai Holdings") (formerly known as Jiuzhou Development Company Limited) for an indicative price of not more than HK\$1.65 billion ("Proposal Disposal") to be settled in the form and combination of cash, equity shares of Zhuhai Holdings, convertible securities and/or other means, the proportion of which shall be mutually agreed upon, which will be set out in the definitive agreement to be entered, upon satisfaction of the due diligence review undertaken by both parties and negotiation on the terms of the said transaction.

The parties involved are in the advanced stage of discussion on the detailed terms and conditions of the Proposed Disposal. On 18 October 2012, IHL and Jiuzhou Tourism have entered into an Extension Agreement to the MoU to extend the Cut-off Date to 17 April 2013 (or such later date as the parties may agree in writing).

(g) LBS Bina Holdings Sdn Bhd

(i) On 27 January 2012, LBS has disposed of its entire shareholdings of 25,000 ordinary shares of RM1.00 each in Prima Kasturi Sdn Bhd ("PKSB") to its wholly-owned subsidiary, MITC Sdn Bhd ("MITC") and Lim Lit Chek of 12,750 ordinary shares and 12,250 ordinary shares of RM1.00 each representing 51% and 49% equity interest in PKSB for a total cash consideration of RM0.51 and RM0.49 respectively. Consequently PKSB became a 51% subsidiary of MITC.

47. Significant Events (cont'd)

(g) LBS Bina Holdings Sdn Bhd (cont'd)

- (ii) On 9 May 2012, LBS has acquired Two Hundred Thousand (200,000) ordinary shares of RM1.00 each representing 40% equity interest in Tarikan Puncak Sdn Bhd ("TPSB"), a company incorporated in Malaysia for a total cash consideration of Ringgit Malaysia Two Hundred Thousand (RM200,000) only. Consequently, TPSB became associated company of LBS.
- (iii) On 10 September 2012, LBS has acquired Forty Nine Thousand Five Hundred (49,500) ordinary shares of RM1.00 each representing 18% equity interest in Casa Inspirasi Sdn Bhd ("CISB"), a company incorporated in Malaysia for a total cash consideration of Ringgit Malaysia Ten Million (RM10,000,000) only. Consequently, CISB became a 58% subsidiary of LBS.
- (iv) On 20 September 2012, LBS has acquired Forty Nine Thousand (49,000) ordinary shares of RM1.00 each representing 49% equity interest in Utuh Aspirasi Sdn Bhd ("UASB"), a company incorporated in Malaysia for a total cash consideration of Ringgit Malaysia Ten Thousand (RM10,000) only. Consequently, UASB became wholly-owned subsidiary of LBS.
- (v) On 10 December 2012, LBS has acquired Fifty Thousand (50,000) ordinary shares of RM1.00 each representing 10% equity interest in Galeri Cekap Sdn Bhd ("GCSB"), a company incorporated in Malaysia for a total cash consideration of Ringgit Malaysia One (RM1) only. Consequently, LBS's shareholding in GCSB has increased from 90% to 100%. GCSB became a wholly-owned subsidiary of LBS.

(h) Sinaran Restu Sdn Bhd

On 3 December 2012, Sinaran Restu Sdn Bhd has acquired One Hundred Fifty Thousand (150,000) ordinary shares of RM1.00 each representing 30% equity interest in Iringin Kejora Sdn Bhd ("IKSB"), a company incorporated in Malaysia for a total cash consideration of Ringgit Malaysia One Hundred and Fifty Thousand (RM150,000) only. Consequently, IKSB became a 30% associated company of SRSB.

48. Subsequent Events

Subsequent to the financial year, the following subsequent events took place its subsidiary company:

LBS Bina Holdings Sdn Bhd

- (a) On 28 January 2013, LBS has acquired additional Twenty (20) ordinary shares of RM1.00 each in Dataran Enigma Sdn Bhd (“DESB”), a company incorporated in Malaysia for a total cash consideration of Ringgit Malaysia Twenty (RM20.00) only. Consequently, DESB became a 50% associated company of LBS.
- (b) On 18 March 2013, LBS has acquired additional Fifty-Two Thousand Five Hundred (52,500) ordinary shares of RM1.00 each representing 21% equity interest in Wirama Era Baru Sdn Bhd (“WEBSB”), a company incorporated in Malaysia for a total cash consideration of Ringgit Malaysia Fifty-Two Thousand Five Hundred (RM52,500.00) only. Consequently, WEBSB became a 51% subsidiary of LBS.
- (c) On 3 April 2013, LBS has acquired additional One (1) ordinary shares of RM1.00 each in DESB for a total cash consideration of Ringgit Malaysia One (RM1) only. Consequently, DESB became a 51% subsidiary of LBS.

49. Material Litigation

As at date of this report, there is no material litigation against the Company and its subsidiary companies.

50. List of Subsidiary Companies

Name of company	Country of incorporation	Effective interest		Principal activities
		2012	2011	
		%	%	
Direct holding				
Intellplace Holdings Limited	British Virgin Islands	100	100	Investment holding
LBS Landscape Sdn. Bhd.	Malaysia	100	100	Turfing and landscape contractor
LBS Bina Holdings Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Linkway Property Co., Ltd	British Virgin Islands	100	100	Dormant
Maju Kepunyaan Sdn. Bhd.	Malaysia	100	100	Property development

50. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2012	2011	
		%	%	
Direct holding				
Saga Serata Sdn. Bhd.	Malaysia	100	100	Insurance agent
SPJ Construction Sdn. Bhd.	Malaysia	60	60	Temporary cessation of business operations
Indirect holding				
Subsidiary companies of LBS Bina Holdings Sdn. Bhd. :				
Adil Restu Sdn. Bhd.	Malaysia	100	100	Property development
Alunan Prestasi Sdn. Bhd.	Malaysia	70	70	Property development
Angsana Abadi Sdn. Bhd.	Malaysia	100	100	Property development
Astana Modal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Azam Perspektif Sdn. Bhd.	Malaysia	100	100	Property development
Casa Inspirasi Sdn Bhd	Malaysia	58	-	Dormant
Cergas Asal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Equal Alliance Sdn. Bhd.	Malaysia	100	100	Property development
Equal Sign Sdn. Bhd.	Malaysia	100	100	Property development
Focal Remedy Sdn. Bhd.	Malaysia	100	100	Property development
Fokus Awana Sdn. Bhd.	Malaysia	70	70	Property development
Galeri Cekap Sdn. Bhd.	Malaysia	100	90	Property development

50. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2012	2011	
		%	%	
Indirect holding				
Subsidiary companies of LBS Bina Holdings Sdn. Bhd. :				
Generasi Nostalgia Sdn. Bhd.	Malaysia	100	100	Property development
Generasi Simbolik Sdn. Bhd.	Malaysia	71	71	Property development
Inderaloka Impian Sdn. Bhd.	Malaysia	100	100	Property development
Intellview Sdn. Bhd.	Malaysia	100	100	Property development and implementation contractor
Intelstyle Sdn. Bhd.	Malaysia	70	70	Property development
Jatidiri Gigih Sdn. Bhd.	Malaysia	100	100	Property development
Jauhari Unggul Sdn. Bhd.	Malaysia	100	100	Property development
Johan Anggun Sdn. Bhd.	Malaysia	70	70	Property development
Kalimah Jaya Sdn. Bhd.	Malaysia	100	100	Investment holding
Kilatlima Sdn. Bhd.	Malaysia	100	100	Property development
LBS Capital Sdn. Bhd.	Malaysia	100	100	Temporary cessation of business operations
LBS Maju Sdn. Bhd.	Malaysia	100	100	Property development
LBS Properties Sdn. Bhd.	Malaysia	100	100	Property management and investment holding
Maju Kamabisa Sdn. Bhd.	Malaysia	100	100	Property development

50. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2012	2011	
		%	%	
Indirect holding				
Subsidiary companies of LBS Bina Holdings Sdn. Bhd. :				
Mayang Jelatek Sdn. Bhd.	Malaysia	51	51	Property development
Misi Aktif Sdn. Bhd.	Malaysia	100	100	Property development
MITC Sdn. Bhd.	Malaysia	100	100	Building, project planning cum implementation contractor, property development and investment holding
Pelangi Homes Sdn. Bhd.	Malaysia	100	100	Property development and provision of project consultancy services
Pembangunan Primer Sdn. Bhd.	Malaysia	51	51	Dormant
Prima Utuh Sdn. Bhd.	Malaysia	80	80	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	-	100	Dormant
Puncak Gama Sdn. Bhd.	Malaysia	51	51	Dormant
Saga Megah Sdn. Bhd.	Malaysia	100	100	Trading in building materials and general construction
Sepadan Maju Sdn. Bhd.	Malaysia	90	90	Property development
Seribu Baiduri Sdn. Bhd.	Malaysia	100	100	Property development

50. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2012	2011	
		%	%	
Indirect holding				
Subsidiary companies of LBS Bina Holdings Sdn. Bhd. :				
Sinaran Restu Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Utuh Aspirasi Sdn. Bhd.	Malaysia	100	51	Property development
Subsidiary companies of Sinaran Restu Sdn. Bhd. :				
Kenderong Sdn. Bhd.	Malaysia	100	100	Property development
Keranji Bina Sdn. Bhd.	Malaysia	100	100	Property development
Lingkaran Semangat Sdn. Bhd.	Malaysia	100	100	Dormant
Nilam Mewah Sdn. Bhd.	Malaysia	55	55	Dormant
Pacific Grant Sdn. Bhd.	Malaysia	100	100	Property development
Silibin Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Juaraplex Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary company of MITC Sdn. Bhd. :				
MITC Engineering Sdn. Bhd.	Malaysia	51	51	Civil engineering, design & build and property development
Prisma Kasturi Sdn. Bhd.	Malaysia	51	-	Dormant

50. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2012	2011	
		%	%	
Indirect holding				
Subsidiary company of Intellplace Holdings Limited :				
* Dragon Hill Corporation Limited	Hong Kong	100	100	Investment holding
Subsidiary companies of Dragon Hill Corporation Limited :				
* Lamdeal Consolidated Development Limited	Hong Kong	100	100	Project investment through a subsidiary company in The People's Republic of China ("PRC")
* Lamdeal Golf & Country Club Limited	Hong Kong	100	100	Project investment through a subsidiary company in The People's Republic of China ("PRC")
Subsidiary company of Lamdeal Consolidated Development Limited:				
* Zhuhai International Circuit Consolidated Development Limited	The People's Republic of China	@	@	Property development
Subsidiary of Zhuhai International Circuit Consolidated Development Limited:				
* Zhuhai International Circuit Consolidated Development (HK) Limited	Hong Kong	100	100	Dormant

50. **List of Subsidiary Companies (Cont'd)**

Name of company	Country of incorporation	Effective interest		Principal activities
		2012	2011	
		%	%	
Indirect holding				
Subsidiary company of Lamdeal Golf & Country Club Limited :				
* Zhuhai International Circuit Golf & Country Club Limited	The People’s Republic of China	#	#	Golf club development and management
Subsidiary company of Zhuhai International Circuit Golf & Country Club Limited:				
* Lakewood Golf & Country Club (HK) Limited	Hong Kong	100	100	Providing handling services
Subsidiary company of Saga Serata Sdn. Bhd. :				
HealthGuard Medicare Sdn. Bhd.	Malaysia	60	60	Selling of membership cards covering personal insurance
Subsidiary company of Kalimah Jaya Sdn. Bhd. :				
Utuh Sejagat Sdn. Bhd.	Malaysia	81	81	Property development
* Subsidiary companies not audited by UHY.				

50. List of Subsidiary Companies (Cont'd)

- @ A subsidiary company of the Company, Lamdeal Consolidated Development Limited (“LCDL”), entered into a joint venture agreement on 28 September 1992 with a partner in the PRC to establish a co-operative joint venture, Zhuhai International Circuit Consolidated Development Limited (“Zhuhai Development”), for the development of properties. Zhuhai Development was established on 8 June 1994, for duration of 50 years and has a registered capital of USD24,080,000. The subsidiary company is entitled to a 60% profit share in Zhuhai Development.

LCDL is required to contribute the registered capital of the above joint ventures while the PRC joint venture partner is required to provide the land use rights to the joint ventures. Upon termination or expiry of these joint ventures, all property, plant and equipment of the joint ventures will belong to the PRC joint venture partners while the net current assets will be shared between the joint venture partners in accordance with their profit sharing ratio.

- # A subsidiary company of the Company, Lamdeal Golf & Country Club Limited (“LGCCL”) entered into a joint venture agreement on 28 August 1992 with a partner in PRC to establish a co-operative joint venture, Zhuhai International Circuit Golf & Country Club Limited (“Zhuhai Golf”), for the development of a golf in Zhuhai. Zhuhai Golf was established on 23 August 1993 for a duration of 50 years and has a registered capital of USD8,800,000. LGCCL is entitled to a 60% profit share in Zhuhai Golf.

LGCCL is required to inject all the registered capital of the above joint venture while the PRC joint venture partner is required to contribute the land use rights to the joint venture. Upon termination or expiry of the above joint venture, all fixed assets of the joint venture will belong to the PRC joint venture partner while the net current assets will be shared between the joint venture partner in accordance with their profit sharing ratio.

51. List of Associated Companies

Name of company	Country of incorporation	Effective interest		Principal activities
		2012	2011	
		%	%	
Bayu Cergas Sdn. Bhd.	Malaysia	40	40	Dormant
Casa Inspirasi Sdn. Bhd.	Malaysia	-	40	Dormant
Dataran Enigma Sdn Bhd	Malaysia	30	30	Dormant
Iringan Kejora Sdn Bhd	Malaysia	30	-	Dormant
Pristine Sunrise (M) Sdn. Bhd.	Malaysia	30	30	Dormant
Sambungan Aktif Sdn. Bhd.	Malaysia	30	30	Dormant
Tarikan Puncak Sdn Bhd	Malaysia	40	-	Dormant
* Usaha Semarak Sdn. Bhd.	Malaysia	35	35	Property development
Warnasari Idaman Sdn Bhd	Malaysia	30	-	Dormant
Wirama Era Baru Sdn. Bhd.	Malaysia	30	30	Dormant

* Associated company not audited by UHY.

52. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 5 April 2013.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained profits/ (accumulated losses) of the Group and of the Company at 31 December 2012 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants

The retained profits/ (accumulated losses) of the Group and of the Company as at 31 December 2012 is analysed as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Retained Profits/ (Accumulated Losses)				
- Realised	232,000,911	170,133,482	(117,666,285)	(119,741,415)
- Unrealised	<u>(23,943,331)</u>	<u>(16,616,756)</u>	<u>-</u>	<u>-</u>
	208,057,580	153,516,726	(117,666,285)	(119,741,415)
Total share of accumulated losses from associated companies				
- Realised	<u>(575,735)</u>	<u>(602,658)</u>	<u>-</u>	<u>-</u>
	207,481,845	152,914,068	(117,666,285)	(119,741,415)
Less: Consolidation adjustments	<u>(140,187,169)</u>	<u>(116,315,297)</u>	<u>-</u>	<u>-</u>
	<u>67,294,676</u>	<u>36,598,771</u>	<u>(117,666,285)</u>	<u>(119,741,415)</u>

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

The disclosure of realised and unrealised profits and losses is solely for the purpose of disclosure requirements of Bursa Malaysia Securities Berhad Listing Requirements.