

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

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2013

**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)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2013

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LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal Activities

The principal activities of the Company are management and investment holding. The principal activities of the subsidiary companies and associate companies are disclosed in Notes 52 and 53 to the financial statements 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	394,015,757	56,745,006
Profit after tax from discontinued operations	3,307,897	-
	397,323,654	56,745,006
Attributable to:		
Owners of the parent	392,662,537	
Non-controlling interests	4,661,117	
	397,323,654	

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.

Dividends

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

	RM
First and final dividend of 2.5 sen less 25% taxation on 412,377,707 ordinary shares of RM1.00 each, in respect of the financial year ended 31 December 2012 on 27 September 2013	7,732,090
A special tax exempt dividend of 8 sen on 457,878,957 ordinary shares of RM1.00 each, in respect of the financial year ended 31 December 2013 on 18 October 2013	36,630,316
	<u>44,362,406</u>

On 4 March 2014, the Board of Directors have declared and approved an interim single tier dividend of 1.5 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2013. This dividend has not been included as a liability in the financial statements for the current financial year and will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2014.

The Board of Directors have proposed a final single tier dividend of 1.5 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2013. The proposed 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 2014.

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid-up share capital from 386,552,557 to 479,651,357 through the creation of 93,098,800 ordinary shares of RM1.00 each as follows:

- (a) 32,326,800 new ordinary shares of RM1.00 each for cash arising from the exercise of employee's share options at a weighted average exercise price of RM1.01 per ordinary share; and
- (b) 60,772,000 new ordinary shares of RM1.00 each for cash arising from the conversion of warrants.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

Treasury Shares

At the Extraordinary General Meeting held on 3 January 2012, the shareholders approved the share buy-back of up to 10% of the total issued and paid-up share capital of the Company. The authority from the shareholders has been renewed yearly at the shareholders' meeting. The renewal of share buy-back was last approved at the Annual General Meeting ("AGM") of the Company held on 28 June 2013 and will expire at the conclusion of the forthcoming AGM of the Company.

During the financial year, the Company repurchased 9,548,000 of its issued shares from the open market. The average price paid for the shares repurchased was RM1.39 per share. The total consideration paid for the repurchase including transaction costs was amounting to RM13,303,464. The shares repurchased were held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965. Subsequently, the Company has disposed 7,370,000 of its treasury shares to the open market for a total consideration of RM11,349,614.

As at 31 December 2013, the total number of treasury shares held by the Company is 7,514,700 (2012:5,336,700) of its issued ordinary shares and further relevant details are disclosed in Note 26 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 Employees' Share Option Scheme.

Warrant Reserves

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

As at 31 December 2013, the total number of Warrants that remain unexercised were 93,304,578 (2012: 154,076,578).

Employees' Share Option Scheme ("ESOS")

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 41 to financial statements.

The movement of options over unissued shares of the Company granted under the new ESOS during the financial year are disclosed in Note 41 to the financial statements.

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

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 180,000 ordinary shares of RM1.00 each and detail of their holdings as required by S169(11) of the Companies Act 1965.

The list of employees granted option to subscribe for more than 180,000 ordinary shares of RM1.00 each during the financial year are as follows:

	No. of options over ordinary shares granted
Lim Kim Hoe	254,800
Chan Si Ming	213,500
Francis Chen Shwu Yi	213,500
B. Nanthankumar A/L Balasubramaniam	190,400

Directors

The Directors 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' Sri Lim Hock San, S.S.A.P., D.S.S.A., J.P.	
Datuk Lim Hock Guan, D.M.S.M., P.J.K., J.P.	
Mej (K) Dato' Sri Lim Hock Sing, S.S.A.P., D.I.M.P., J.P.	
Datuk Lim Hock Seong, D.M.S.M.	
Chia Lok Yuen	
Lim Mooi Pang	
Lim Tong Lee	(appointed on 22.5.2013)
Datuk Haji Baharum bin Haji Mohamed	(appointed on 20.8.2013)
Datuk Lim Si Cheng	(appointed on 20.8.2013)
Dato' Kamaruddin bin Abdul Ghani, D.I.M.P., S.M.P., A.M.N.	(resigned on 4.6.2013)
Kong Sau Kian	(resigned on 4.6.2013)
Mohd Fazil bin Shafie	(resigned on 4.6.2013)
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.	(retired on 28.6.2013)
Dato' Wong Woon Yow, D.S.S.A.	(resigned on 26.8.2013)
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.	(resigned on 26.8.2013)

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 1.1.2013	Acquired	Disposed	At 31.12.2013
Gaterich Sdn. Bhd. (formerly known as Intelrich Sdn. Bhd.)				
Direct interest				
Dato' Sri Lim Hock San	2,500,000	-	-	2,500,000
Datuk Lim Hock Guan	1,000,000	-	-	1,000,000
Mej (K) Dato' Sri Lim Hock Sing	750,000	-	-	750,000
Datuk Lim Hock Seong	750,000	-	-	750,000

Directors' Interests (Cont'd)

	No. of ordinary shares of RM1.00 each			
	At 1.1.2013	Acquired	Disposed	At 31.12.2013
LBS Bina Group Berhad				
Direct interest				
Dato' Seri Lim Bock Seng	350,000	1,190,000	-	1,540,000
Dato' Sri Lim Hock San	3,451,600	7,124,500	-	10,576,100
Datuk Lim Hock Guan	4,018,800	500,000	-	4,518,800
Mej (K) Dato' Sri Lim Hock Sing	-	2,125,000	-	2,125,000
Datuk Lim Hock Seong	184,500	2,125,000	-	2,309,500
Chia Lok Yuen	150,000	1,700,000	-	1,850,000
Lim Mooi Pang	492,900	1,224,000	-	1,716,900
Indirect interest				
Dato' Seri Lim Bock Seng ¹	3,633,500	505,000	1,487,500	2,651,000
Dato' Sri Lim Hock San ²	190,485,060	67,030,000	-	257,515,060
Datuk Lim Hock Guan ²	190,400,060	66,310,000	-	256,710,060
Mej (K) Dato' Sri Lim Hock Sing ²	190,553,060	66,310,000	-	256,863,060
Datuk Lim Hock Seong ²	190,483,060	66,310,000	-	256,793,060

	No. of options over ordinary shares of RM1.00 each ("ESOS")			
	At 1.1.2013	Granted	Exercised	At 31.12.2013
LBS Bina Group Berhad				
Direct interest				
Dato' Seri Lim Bock Seng	1,050,000	140,000	1,190,000	-
Dato' Sri Lim Hock San	2,100,000	280,000	2,380,000	-
Datuk Lim Hock Guan	1,875,000	250,000	500,000	1,625,000
Mej (K) Dato' Sri Lim Hock Sing	1,875,000	250,000	2,125,000	-
Datuk Lim Hock Seong	1,875,000	250,000	2,125,000	-
Chia Lok Yuen	1,350,000	180,000	1,530,000	-
Lim Mooi Pang	945,000	279,000	1,224,000	-

Directors' Interests (Cont'd)

	No. of Warrants 2008/2018			
	At 1.1.2013	Acquired	Disposed	At 31.12.2013
LBS Bina Group Berhad				
Direct interest				
Dato’ Seri Lim Bock Seng	140,000	-	-	140,000
Datuk Lim Hock Guan	1,326,160	-	-	1,326,160
Chia Lok Yuen	50,000	-	50,000	-
Indirect interest				
Dato’ Seri Lim Bock Seng ¹	904,000	-	500,000	404,000
Dato’ Sri Lim Hock San ³	106,078,946	-	60,700,000	45,378,946
Datuk Lim Hock Guan ³	106,078,946	-	60,700,000	45,378,946
Mej (K) Dato’ Sri Lim Hock Sing ²	106,133,746	-	60,700,000	45,433,746
Datuk Lim Hock Seong ³	106,078,946	-	60,700,000	45,378,946

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 Gaterich Sdn. Bhd. (formerly known as Intelrich Sdn. Bhd.).*

³ *Deemed interests pursuant to Section 6A of the Companies Act, 1965 by virtue of their direct interests in Gaterich Sdn. Bhd. (formerly known as Intelrich Sdn. Bhd.).*

By virtue of their interests in the shares of the Company, Dato' Sri Lim Hock San, Datuk Lim Hock Guan, Mej (K) Dato' Sri 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.

None of the other Directors in office at the end of the financial year has any interest in shares in the Company or its related corporations during the financial year.

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's ESOS.

Other Statutory Information

- (a) Before the statements of financial position and statements of comprehensive income 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and provision for doubtful debts was required; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

Other Statutory Information (Cont'd)

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

Significant Events

The significant events are disclosed in Note 49 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 50 to the financial statements.

Holding company

During the financial year, Gaterich Sdn. Bhd. (formerly known as Intelrich Sdn. Bhd.), a company incorporated in Malaysia acquired additional 4.43% issued and paid-up share capital of the Company and subsequently became its holding company.

Company No.

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Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2014.

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

MEJ (K) DATO' SRI LIM HOCK SING,
S.S.A.P., D.I.M.P., J.P.

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 16 to 165 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 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 166 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 of Directors in accordance with a resolution of the Directors dated 29 April 2014.

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

MEJ (K) DATO' SRI LIM HOCK SING,
S.S.A.P., D.I.M.P., J.P.

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 16 to 166 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 29 April 2014)

LIM MOOI PANG

Before me,

No. W 521
MOHAN A.S. MANIAM

COMMISSIONER FOR OATHS

**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 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 165.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 2013 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 52 to the financial statements.
- (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 166 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

NG WEE TEIK

Approved Number: 1817/12/14 (J)

Chartered Accountant

KUALA LUMPUR

29 APRIL 2014

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		Group		Company	
	Note	2013	2012	2013	2012
		RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	212,749,463	15,333,394	-	-
Capital work-in-progress	5	3,306,077	1,746,404	-	-
Land and property development costs	6	392,462,614	337,685,834	-	-
Investment properties	7	6,524,170	6,440,760	-	-
Investment in subsidiary companies	8	-	-	393,366,006	393,366,006
Investment in associate companies	9	2,993,256	2,701,763	-	-
Trade receivables	10	13,726,217	17,127,716	-	-
Other receivables	11	-	21,539,700	-	-
Promissory note	12	219,098,880	-	-	-
Other investments	13	138,449,101	1,253,500	-	-
Goodwill on consolidation	14	94,154,754	103,237,357	-	-
Deferred tax assets	15	855,372	112,500	-	-
		<u>1,084,319,904</u>	<u>507,178,928</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 2013 (CONT'D)

		Group		Company	
	Note	2013	2012	2013	2012
		RM	RM	RM	RM
Current Assets					
Land and property development costs	6	237,730,432	69,429,333	-	-
Inventories	16	22,575,116	13,593,510	-	-
Amount owing by customers on contracts	17	-	592,519	-	-
Accrued billing in respect of property development costs		71,047,149	110,492,774	-	-
Trade receivables	10	174,316,241	158,381,593	-	-
Other receivables	11	23,496,646	21,755,708	7,088	4,500
Promissory note	12	100,573,440	-	-	-
Tax recoverable		5,712,285	4,533,323	3,396,999	3,839,550
Amount owing by subsidiary companies	18	-	-	65,940,805	66,231,446
Fixed deposits with licensed banks	19	152,756,932	40,203,331	24,486,520	38,645,711
Cash held under Housing Development Accounts	20	57,977,521	36,936,008	-	-
Cash and bank balances	21	78,610,013	19,957,526	751,244	938,771
		<u>924,795,775</u>	<u>475,875,625</u>	<u>94,582,656</u>	<u>109,659,978</u>
Non-current assets classified as held for sale	22	696,991	4,679,036	-	-
Assets of disposal group classified as held for sale	23	-	447,274,728	-	-
Total Current Assets		<u>925,492,766</u>	<u>927,829,389</u>	<u>94,582,656</u>	<u>109,659,978</u>
Total Assets		<u>2,009,812,670</u>	<u>1,435,008,317</u>	<u>487,948,662</u>	<u>503,025,984</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (CONT'D)

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Equity and Liabilities					
Equity					
Share capital	24	479,651,357	386,552,557	479,651,357	386,552,557
Share premium	25	26,641,899	16,945,016	26,641,899	16,945,016
Treasury shares	26	(9,541,438)	(4,406,841)	(9,541,438)	(4,406,841)
Other reserves	27	(42,942,110)	(21,280,284)	15,196,581	18,211,178
Retained profits/ (Accumulated losses)		415,847,590	67,294,676	(105,153,326)	(117,666,285)
Equity attributable to owners of the parent		869,657,298	445,105,124	406,795,073	299,635,625
Non-controlling interests		2,982,935	81,726,359	-	-
Total Equity		872,640,233	526,831,483	406,795,073	299,635,625
Non-Current Liabilities					
Islamic Securities	28	30,000,000	75,000,000	30,000,000	75,000,000
Bank borrowings	29	287,969,337	223,085,243	567,085	58,405,090
Trade payables	30	119,328,319	27,543,768	-	-
Other payables	31	47,432,572	59,420,085	-	-
Finance lease payables	32	3,303,044	2,293,307	-	-
Deferred tax liabilities	33	39,539,682	113,770	-	-
		527,572,954	387,456,173	30,567,085	133,405,090

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (CONT'D)

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Current Liabilities					
Amount owing to customers on contracts	17	3,612,851	2,249,721	-	-
Progress billing in respect of property development costs		77,221,417	37,872,583	-	-
Trade payables	30	199,457,872	124,889,517	-	-
Other payables	31	256,536,875	112,747,265	1,484,980	1,511,516
Bank overdrafts	34	761,587	28,587,302	120,561	8,448,930
Finance lease payables	32	1,019,477	963,404	-	-
Bank borrowings	29	60,035,307	99,398,562	-	57,632,622
Amount owing to subsidiary companies	18	-	-	48,980,963	2,392,201
Tax payable		10,954,097	36,367,629	-	-
		<u>609,599,483</u>	<u>443,075,983</u>	<u>50,586,504</u>	<u>69,985,269</u>
Liabilities of disposal group classified as held for sale	23	-	77,644,678	-	-
Total Current Liabilities		<u>609,599,483</u>	<u>520,720,661</u>	<u>50,586,504</u>	<u>69,985,269</u>
Total Liabilities		<u>1,137,172,437</u>	<u>908,176,834</u>	<u>81,153,589</u>	<u>203,390,359</u>
Total Equity and Liabilities		<u>2,009,812,670</u>	<u>1,435,008,317</u>	<u>487,948,662</u>	<u>503,025,984</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 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Continuing operations					
Revenue	35	533,532,722	509,644,355	74,168,426	21,610,560
Cost of sales	36	(364,955,568)	(363,416,449)	-	-
Gross profit		<u>168,577,154</u>	<u>146,227,906</u>	<u>74,168,426</u>	<u>21,610,560</u>
Other income		359,117,909	14,815,295	4,618,973	1,966,191
Operating expenses		(85,596,945)	(67,470,147)	(8,794,630)	(4,858,275)
Profit from operations		<u>442,098,118</u>	<u>93,573,054</u>	<u>69,992,769</u>	<u>18,718,476</u>
Finance costs	37	(15,170,850)	(18,457,247)	(4,626,563)	(5,735,301)
Share of losses in associate companies		(25,347)	(101,547)	-	-
Profit before taxation	38	<u>426,901,921</u>	<u>75,014,260</u>	<u>65,366,206</u>	<u>12,983,175</u>
Taxation	39	(32,886,164)	(27,220,567)	(8,621,200)	(4,320,717)
Profit from continuing operations		<u>394,015,757</u>	<u>47,793,693</u>	<u>56,745,006</u>	<u>8,662,458</u>
Discontinued operations					
Profit/(Loss) from operations	23	<u>3,307,897</u>	<u>(8,790,263)</u>	<u>-</u>	<u>-</u>
Net profit for the financial year		<u>397,323,654</u>	<u>39,003,430</u>	<u>56,745,006</u>	<u>8,662,458</u>
Other comprehensive income					
Foreign currency translation differences on foreign operation		13,682,663	(7,194,894)	-	-
Transaction with non-controlling interests		271,036	-	-	-
		<u>13,953,699</u>	<u>(7,194,894)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year		<u>411,277,353</u>	<u>31,808,536</u>	<u>56,745,006</u>	<u>8,662,458</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Net profit for the financial year attributable to:					
Owners of the parent		392,662,537	37,159,515	56,745,006	8,662,458
Non-controlling interests		4,661,117	1,843,915	-	-
		<u>397,323,654</u>	<u>39,003,430</u>	<u>56,745,006</u>	<u>8,662,458</u>
Total comprehensive income for the financial year attributable to:					
Owners of the parent		399,978,862	31,414,189	56,745,006	8,662,458
Non-controlling interests		11,298,491	394,347	-	-
		<u>411,277,353</u>	<u>31,808,536</u>	<u>56,745,006</u>	<u>8,662,458</u>
Earnings per share attributable to the owners of the parent (sen)					
Basic earnings per share	40(a)				
Profit from continuing operations		95.40	11.14		
Profit/(Loss) from discontinued operations		0.69	(1.44)		
Total		<u>96.09</u>	<u>9.70</u>		
Earnings per share attributable to the owners of the parent (d)					
Diluted earnings per share	40(b)				
Profit from continuing operations		91.39	11.14		
Profit/(Loss) from discontinued operations		0.66	(1.44)		
Total		<u>92.05</u>	<u>9.70</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 2013**

Group	Note	Attributable to Owners of the Parent					Total RM	Non- Controlling Interests RM	Total Equity RM
		Non-distributable				Distributable Retained Profits RM			
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares 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
Net 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)	-
Dividends paid to non- controlling interests		-	-	-	-	-	-	(2,940,000)	(2,940,000)
Dividends paid	43	-	-	-	-	(7,147,992)	(7,147,992)	-	(7,147,992)
Own shares acquired	26	-	-	-	(4,406,841)	-	(4,406,841)	-	(4,406,841)
Realisation of subsidiary company's reserve		-	-	(51,592)	-	51,592	-	-	-
Realisation of ESOS's reserves	27	-	-	(560,664)	-	560,664	-	-	-
Share based payment	27	-	-	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 2013 (CONT'D)**

Group	Note	Attributable to Owners of the Parent				Distributable Retained Profits RM	Total RM	Non- Controlling Interests RM	Total Equity RM
		Non-distributable							
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM				
At 1 January 2013		386,552,557	16,945,016	(21,280,284)	(4,406,841)	67,294,676	445,105,124	81,726,359	526,831,483
Net profit for the financial year		-	-	-	-	392,662,537	392,662,537	4,661,117	397,323,654
Transaction with non-controlling interests		-	-	271,036	-	-	271,036	-	271,036
Foreign currency translation		-	-	7,045,289	-	-	7,045,289	6,637,374	13,682,663
Total comprehensive income for the financial year		-	-	7,316,325	-	392,662,537	399,978,862	11,298,491	411,277,353

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

Group	Note	Attributable to Owners of the Parent				Distributable Retained Profits RM	Total RM	Non- Controlling Interests RM	Total Equity RM	
		Non-distributable								
		Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM					
Transactions with owners:										
Net changes of										
non-controlling interests		-	-	-	-	-	-	(77,846,879)	(77,846,879)	
Changes in ownership interest										
in subsidiaries		-	-	(13,454,965)	-	-	(13,454,965)	(9,255,036)	(22,710,001)	
Realisation of subsidiary										
company's reserve		-	-	(122,424)	-	122,424	-	-	-	
Fair value adjustment		-	-	(12,386,165)	-	-	(12,386,165)	-	(12,386,165)	
Dividends paid	43	-	-	-	-	(44,362,406)	(44,362,406)	-	(44,362,406)	
Dividends paid to non-										
controlling interests		-	-	-	-	-	-	(2,940,000)	(2,940,000)	
Issuance of ordinary shares										
- Conversion of warrants	24	60,772,000	6,077,200	(6,077,200)	-	-	60,772,000	-	60,772,000	
- Exercise of ESOS	24	32,326,800	438,936	-	-	-	32,765,736	-	32,765,736	
Disposal of treasury shares	26	-	3,180,747	-	8,168,867	-	11,349,614	-	11,349,614	
Own shares acquired	26	-	-	-	(13,303,464)	-	(13,303,464)	-	(13,303,464)	
Realisation of ESOS's reserves	27	-	-	(130,359)	-	130,359	-	-	-	
Share based payment	27	-	-	3,192,962	-	-	3,192,962	-	3,192,962	
		93,098,800	9,696,883	(28,978,151)	(5,134,597)	(44,109,623)	24,573,312	(90,041,915)	(65,468,603)	
At 31 December 2013		479,651,357	26,641,899	(42,942,110)	(9,541,438)	415,847,590	869,657,298	2,982,935	872,640,233	

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

Company	Note	Non-distributable				Treasury Shares RM	Accumulated Losses RM	Total RM
		Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrant Reserve RM			
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
Transaction with owners:								
Own shares acquired	26	-	-	-	-	(4,406,841)	-	(4,406,841)
Share based payment	27	-	-	3,258,606	-	-	-	3,258,606
Realisation of ESOS's reserves	27	-	-	(560,664)	-	-	560,664	-
Dividend paid	43	-	-	-	-	-	(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

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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 2013		386,552,557	16,945,016	3,258,606	14,952,572	(4,406,841)	(117,666,285)	299,635,625
Total comprehensive income for the financial year		-	-	-	-	-	56,745,006	56,745,006
Transactions with owners:								
Issuance of shares:								
- Conversion of warrants	24	60,772,000	6,077,200	-	(6,077,200)	-	-	60,772,000
- Exercise of ESOS	24	32,326,800	438,936	-	-	-	-	32,765,736
Own shares acquired	26	-	-	-	-	(13,303,464)	-	(13,303,464)
Disposal of treasury shares	26	-	3,180,747	-	-	8,168,867	-	11,349,614
Share based payment	27	-	-	3,192,962	-	-	-	3,192,962
Realisation of ESOS's reserves	27	-	-	(130,359)	-	-	130,359	-
Dividends paid	43	-	-	-	-	-	(44,362,406)	(44,362,406)
		93,098,800	9,696,883	3,062,603	(6,077,200)	(5,134,597)	(44,232,047)	50,414,442
At 31 December 2013		479,651,357	26,641,899	6,321,209	8,875,372	(9,541,438)	(105,153,326)	406,795,073

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

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RM	RM
Cash Flows From Operating Activities		
Profit/(Loss) before taxation from:		
- continuing operations	426,901,921	75,014,260
- discontinued operations	3,269,216	(9,958,278)
Adjustments for:		
Bad debts written off	82,447	655,102
Capital work-in-progress written off	-	242,448
Depreciation of investment properties	150,507	133,249
Depreciation of property, plant and equipment	5,737,291	13,660,434
Loss on disposal of associate companies	-	490,000
Impairment of goodwill arising on consolidation	9,139,084	11,330,050
Impairment on investment properties	48,942	1,400
Impairment on trade and other receivables	26,036	2,357,549
Inventories written down	-	659,752
Interest expense	15,170,850	18,457,247
Property, plant and equipment written off	286,932	203,099
Share of losses in associate companies	25,347	101,547
Share based payment	3,192,962	3,258,606
Unquoted investment written off	5,000	-
Fair value adjustment on non-current assets and non-current liabilities, net	(1,540,829)	(3,439,524)
Negative goodwill written off	(3,297,169)	-
Gain on disposal of associate companies	(91,870)	-
Gain on disposal of property, plant and equipment	(199,213)	(252,891)
Gain on disposal of subsidiary companies	(341,615,895)	-
Gain on disposal of non-current assets classified as held for sale	(2,384,963)	-
Interest income	(4,135,337)	(2,663,290)
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	110,771,259	106,418,068

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

	2013 RM	2012 RM
Balance brought down	110,771,259	106,418,068
Reversal of impairment for inventories	-	(1,704,674)
Reversal of impairment on foreseeable loss on construction contract	-	(44,883)
Reversal of impairment on trade and other receivables	(232,480)	(280,944)
Unrealised loss/(gain) on foreign exchange	410,465	(139,265)
Waiver of debts	-	(433,359)
Operating profit before working capital changes	<u>110,949,244</u>	<u>103,814,943</u>
Decrease/(Increase) in working capital		
Inventories	(9,001,266)	4,458,767
Land and property development costs	(214,521,767)	331,918
Amount owing by/to customers on contracts	1,955,649	(589,284)
Accrued/Progress billing in respect of property development costs	78,794,459	49,383,168
Trade receivables	(27,239,262)	(47,759,005)
Other receivables	9,617,384	12,572,732
Trade payables	(4,464,561)	26,025,025
Other payables	149,701,138	19,903,843
Foreign exchange reserve	2,642,461	(2,812,807)
	<u>(12,515,765)</u>	<u>61,514,357</u>
Cash generated from operations	<u>98,433,479</u>	<u>165,329,300</u>
Interest received	4,135,337	2,663,290
Interest paid	(27,216,791)	(34,929,440)
Tax paid	(61,878,493)	(41,295,531)
Tax refund	1,460,526	359,350
	<u>(83,499,421)</u>	<u>(73,202,331)</u>
Net cash generated from operating activities	<u>14,934,058</u>	<u>92,126,969</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		2013	2012
		RM	RM
Cash Flows From Investing Activities			
Additional investment in subsidiary companies		-	(130,000)
Proceeds from disposal of property, plant and equipment		502,785	598,900
Proceeds from disposal of non-current assets held for sale		8,163,700	-
Net cash inflows from disposal of subsidiary companies	8(b)	191,182,185	-
Net cash inflows from acquisition of subsidiary companies	8(c)	3,510,689	-
Capital work-in-progress incurred	5	(2,039,523)	(8,706,714)
Purchase of investment properties		(282,859)	(1,324,560)
Purchase of property, plant and equipment	4(v)	(4,059,461)	(4,782,773)
Repayment of prior year investment in subsidiary or associate companies		(37,358,257)	(24,542,621)
activities		<u>159,619,259</u>	<u>(38,887,768)</u>
Cash Flows From Financing Activities			
Decrease/(Increase) in fixed deposits pledged		25,225,066	(11,669,028)
(Increase)/Decrease in cash and bank balances pledged		(3,302,506)	5,396,121
Drawdown of bank borrowings		322,629,022	180,831,050
Dividends paid		(44,362,406)	(7,147,992)
Dividends paid to non-controlling interest		(2,940,000)	(2,940,000)
Purchase of treasury shares		(13,303,464)	(4,406,841)
Proceeds from conversion of warrants		60,772,000	-
Proceeds from disposal of treasury shares		11,349,614	-
Proceeds from exercise of ESOS		32,765,736	-
Repayment of bank borrowings		(297,108,183)	(160,598,635)
Repayment of hire purchase payables		(1,166,189)	(1,098,290)
Repayment of Islamic Securities		(45,000,000)	(60,000,000)
Net cash generated from/(used in) financing activities		<u>45,558,690</u>	<u>(61,633,615)</u>

LBS BINA GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	2013 RM	2012 RM
Net increase/(decrease) in cash and cash equivalents	220,112,007	(8,394,414)
Effects of exchange rate changes	1,426,509	(886,940)
Cash and cash equivalents at beginning of the financial year	<u>45,900,738</u>	<u>55,182,092</u>
Cash and cash equivalents at the end of the financial year	<u>267,439,254</u>	<u>45,900,738</u>
Cash and cash equivalents at the end of the financial year comprise:		
Continuing operations		
Fixed deposits with licensed banks	152,756,932	40,203,331
Cash held under Housing Development Accounts	57,977,521	36,936,008
Cash and bank balances	78,610,013	19,957,526
Bank overdrafts	<u>(761,587)</u>	<u>(28,587,302)</u>
	288,582,879	68,509,563
Less: Fixed deposits pledged to licensed banks	(15,332,443)	(40,203,331)
Cash and bank balances pledged	<u>(5,811,182)</u>	<u>(2,508,676)</u>
	267,439,254	25,797,556
Discontinued operations		
Fixed deposits pledged to licensed banks	-	354,178
Cash and bank balances	<u>-</u>	<u>20,103,182</u>
	-	20,457,360
Less: Fixed deposits pledged to licensed banks	<u>-</u>	<u>(354,178)</u>
	-	20,103,182
	<u>267,439,254</u>	<u>45,900,738</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 2013**

	2013 RM	2012 RM
Cash Flows From Operating Activities		
Profit before taxation	65,366,206	12,983,175
Adjustments for:		
Interest expense	4,626,563	5,735,301
Share based payment	3,192,962	3,258,606
Interest income	(2,855,033)	(1,965,882)
Unrealised loss on foreign exchange	10,219	-
Dividend income	(74,048,426)	(21,490,560)
Operating loss before working capital changes	(3,707,509)	(1,479,360)
Decrease/(Increase) in working capital		
Other receivables	(2,588)	10,581,698
Other payables	(26,536)	(1,375,755)
Amount owing to/by subsidiary companies	48,340,020	69,362,840
	48,310,896	78,568,783
Cash generated from operations	44,603,387	77,089,423
Dividends received	64,734,882	16,117,920
Interest received	2,855,033	1,965,882
Interest paid	(4,626,563)	(5,735,301)
Tax refund	1,134,895	180,000
Tax paid	-	(121,584)
	64,098,247	12,406,917
Net cash generated from operating activities	108,701,634	89,496,340
Cash Flows From Financing Activities		
Dividends paid	(44,362,406)	(7,147,992)
Decrease/(Increase) in fixed deposits pledged	28,543,433	(11,135,711)
Decrease/(Increase) in cash and bank balances pledged	299,611	(823,340)
Drawdown of bank borrowings	7,866,610	31,293,688
Proceeds from conversion of warrants	60,772,000	-
Proceeds from exercise of ESOS	32,765,736	-
Proceeds from disposal of treasury shares	11,349,615	-
Purchase of treasury shares	(13,303,465)	(4,406,841)
Repayment of bank borrowings	(123,337,237)	(41,620,102)
Repayment of Islamic Securities	(45,000,000)	(60,000,000)
Net cash used in financing activities	(84,406,103)	(93,840,298)

LBS BINA GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

	2013 RM	2012 RM
Net increase/(decrease) in cash and cash equivalents	24,295,531	(4,343,958)
Effects of exchange rate changes	(1,470,836)	-
Cash and cash equivalents at beginning of the financial year	<u>(8,434,045)</u>	<u>(4,090,087)</u>
Cash and cash equivalents at end of the financial year	<u>14,390,650</u>	<u>(8,434,045)</u>
Cash and cash equivalents at end of the financial year comprise:		
Fixed deposits with licensed banks	24,486,520	38,645,711
Cash and bank balances	751,244	938,771
Bank overdrafts	<u>(120,561)</u>	<u>(8,448,930)</u>
	25,117,203	31,135,552
Less: Fixed deposits pledged with licensed banks	(10,102,278)	(38,645,711)
Cash and bank balances pledged	<u>(624,275)</u>	<u>(923,886)</u>
	<u>14,390,650</u>	<u>(8,434,045)</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 associate companies are disclosed in Notes 52 and 53 respectively. There have been no significant changes in the nature of these activities during the financial year.

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.

During the financial year, Gaterich Sdn. Bhd. (formerly known as Intelrich Sdn. Bhd.), a company incorporated in Malaysia acquired additional 4.43% issued and paid-up share capital of the Company and subsequently became its holding company.

2. Basis of Preparation

(a) Statement of compliance

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") issued by Malaysia Accounting Standard Board ("MASB") that are mandatory for the current financial year:

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119 (2012)	Employee Benefits
FRS 127 (2012)	Separate Financial Statements
FRS 128 (2012)	Investments in Associates and Joint Ventures
FRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)
FRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)
IC Interpretation 20	Stripping Costs in the Production of A Surface Mine

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (cont'd)

Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to FRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
Amendments to FRSs contained in the document entitled "Annual Improvements 2009 – 2011 Cycle"	

The effects of the adoption of applicable FRSs and amendments to FRSs above are summarised below:

(a) FRS 10 Consolidated Financial Statements and FRS 11 Joint Arrangements

Under FRS 10, an investor controls an investee when the investor has:

- (i) The power by investor over an investee;
- (ii) Exposure, or rights, to variable returns from investor's involvement with the investee; and
- (iii) Ability to affect those returns through its power over investee.

This new control model differs from how previously companies were assessed to be a subsidiary. Under FRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (cont'd)

(a) FRS 10 Consolidated Financial Statements and FRS 11 Joint Arrangements (Cont'd)

FRS 11 removes the option to account for jointly controlled entities (“JCE”) using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Upon adoption of the two new MFRSs, the Group has reviewed the relationships with its investments in other entities to assess whether the conclusion to consolidate is different under MFRS 10 than under MFRS 127, and noted no material differences were found for any of the investments.

(b) FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group’s financial position or performance.

(c) FRS 127 Separate Financial Statements (as amended by IASB in May 2011)

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, joint controlled entities and associates in separate financial statements. This standard affects disclosures only and has no impact on the Group’s financial position or performance.

(d) FRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates. This standard affects disclosures only and has no impact on the Group’s financial position or performance.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (cont'd)

(e) FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

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

(f) FRS 119 Employee Benefits (as amended by IASB in June 2011)

The adoption of the revised FRS 119 has affected the accounting treatment of certain items such as the timing of the recognition of actuarial gains and losses arising from defined benefit plans and the presentation of changes in defined benefit liability or asset. The key changes include:

- Actuarial gains and losses (renamed as 'remeasurements') are recognised immediately in other comprehensive income, and are not subsequently recycled to statement of profit or loss. The corridor approach for accounting for unrecognised actuarial gains in prior years is discontinued.
- Past service costs, whether unvested or already vested, are recognised immediately in the statement of profit or loss as incurred and the annual defined benefit costs in the statement of profit or loss will include net interest expense / income on the defined benefit asset / liability.

(g) Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (e.g. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

2. Basis of Preparation (Cont'd)**(a) Statement of compliance (cont'd)**

The Group and the Company have not applied the following MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective date for financial periods beginning on or after
Amendment to FRS 10, 12 and 127	Investment Entity	1 January 2014
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedging	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Amendments to FRSs contained in the document entitled “Annual Improvements 2010 – 2012 Cycle”		1 July 2014
Amendments to FRSs contained in the document entitled “Annual Improvements 2011 – 2013 Cycle”		1 July 2014
Amendment to FRS 7	Mandatory Date of FRS 9 and Transition Disclosures	To be announced
FRS 9 (IFRS 9 (2009))	Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 (IFRS 9 (2010))	Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced

The Group and the Company intends to adopt the above FRSs when they become effective.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (cont'd)

The initial applications of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned 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.

2. Basis of Preparation (Cont'd)**(a) Statement of compliance (cont'd)**New Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, Malaysian Accounting Standards Board ("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").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework until the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The Group and the Company are 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 2013 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

2. Basis of Preparation (Cont'd)

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and Company's functional currency and all values has been rounded to the nearest RM except when otherwise stated.

(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.

2. Basis of Preparation (Cont'd)

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

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

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 2013, 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.

(ii) Useful lives of investment properties

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 2013, 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

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.

2. Basis of Preparation (Cont'd)**(c) Significant accounting estimates and judgement (cont'd)****(iv) Impairment of loans and receivables**

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.

(v) Impairment of goodwill on consolidation

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.

(vi) Impairment of investment in subsidiary companies

The carrying values of investment in subsidiary companies and the related goodwill 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.

(vii) Impairment of investment in associate companies

The carrying values of investment in associate 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 associate companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2. Basis of Preparation (Cont'd)**(c) Significant accounting estimates and judgement (cont'd)****(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.

(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

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.

2. Basis of Preparation (Cont'd)**(c) Significant accounting estimates and judgement (cont'd)****(xi) Deferred tax assets**

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) 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.

(xiii) Employees' Share Option Scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

2. **Basis of Preparation (Cont'd)**

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

(xiv) 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.

(xv) 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.

3. **Significant accounting policies**

(a) 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.

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

3. **Significant accounting policies (Cont'd)**

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

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

(ii) Consolidation

The acquisition method of accounting is used to account for business combination. The consideration transferred for acquisition of a subsidiary company is the fair value of the assets transferred, 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.

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid is recognised directly in equity.

3. **Significant accounting policies (Cont'd)**

(a) Basis of consolidation (cont'd)

(ii) Consolidation (cont'd)

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 profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(iii) Goodwill on consolidation

The excess of the consideration transferred, the amount of any non-controlling interests 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.

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.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (cont'd)

(iv) Non-controlling interests

Non-controlling interest is the equity in a subsidiary company not attributable, directly or indirectly, to the parent. 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.

(v) Associates companies

Associates are entities in which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in associates is initially at cost, and recognising the Group's share of its associates' 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, 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 upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (cont'd)

(v) Associate companies (cont'd)

When the Group's interest in an associate 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 are eliminated to the extent of the interest in the associate company, unless the transaction provides evidence of an impairment of the asset transferred.

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

(b) 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.

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions and balances (cont'd)

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.

(c) 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 3(1)(i).

(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.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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.

(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 3(f).

(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.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (cont'd)

(iv) Depreciation (cont'd)

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	2 to 10 years
Renovations	5 to 10 years
Plant, machinery and equipment	5 to 10 years
Club house	20 years
Golf courses	20 years

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.

(d) 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.

(e) 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 3(1)(i).

3. Significant Accounting Policies (Cont'd)

(e) Land and property development costs (cont'd)

(i) Land held for property development (cont'd)

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.

(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.

3. Significant Accounting Policies (Cont'd)

(e) Land and property development costs (cont'd)

(ii) Property development costs (cont'd)

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.

(f) 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 3(c).

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.

(g) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (cont'd)

Embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The Group and the Company classifies its financial assets depends on the purpose for which it was acquired at initial recognition, into the following categories:

(i) 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 end of the reporting period which are presented as non-current assets

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

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

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (cont'd)

(iii) Available for sale financial assets

Available-for-sale 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 end of the reporting period.

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

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

(vi) Regular way purchase or sale of financial assets

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

(v) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

3. Significant Accounting Policies (Cont'd)

(h) 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.

(i) 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.

(j) 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.

3. Significant Accounting Policies (Cont'd)

(j) Construction costs (Cont'd)

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.

(k) 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.

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial 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 and intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3. Significant Accounting Policies (Cont'd)

(l) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such 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.

The recoverable amount of an asset or cash-generating units 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.

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Impairment of goodwill

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised in profit or loss. Impairment loss relating to goodwill is not reversed.

3. Significant Accounting Policies (Cont'd)

(I) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiary company and investment on associate company, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

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

3. Significant Accounting Policies (Cont'd)

(l) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline of fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investment that is carried at cost are not reversed in profit or loss in the subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss, if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(m) 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.

3. Significant Accounting Policies (Cont'd)

(m) Share capital (Cont'd)

(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.

(n) Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when the Group and 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 and subsequently carried at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. Changes in the carrying value of these liabilities are recognised in the profit or loss.

The Group and the Company classifies its financial liabilities at initial recognition, into the following categories:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, derivative (except for financial guarantee contracts or a designated and effective hedging instrument) and financial liabilities designated into this category upon initial recognition.

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

3. **Significant Accounting Policies (Cont'd)**

(n) Financial liabilities (Cont'd)

(ii) Other liabilities measured at amortised cost

Other financial liabilities are non-derivatives financial liabilities. The Group's and the Company's other financial liabilities comprise trade and other payables and borrowings. Other 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.

Other liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

(iii) Derecognition of financial liabilities

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.

3. Significant Accounting Policies (Cont'd)

(o) 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.

3. Significant Accounting Policies (Cont'd)

(p) 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.

(q) 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.

3. Significant Accounting Policies (Cont'd)

(q) 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.

(ix) Car racing event income

Car racing income is recognised when the event is completed and services rendered.

(r) 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.

3. Significant Accounting Policies (Cont'd)

(s) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3. **Significant Accounting Policies (Cont'd)**

(t) **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.

(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 Employees' 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.

3. Significant Accounting Policies (Cont'd)

(t) Employee benefits (Cont'd)

(iii) Share-based compensation (Cont'd)

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.

(u) 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.

4. 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	Racing circuit RM	Total RM
At 1 January 2013	8,486,411	7,750,622	4,304,197	4,058,666	3,341,986	-	27,941,882
Additions	115,514	2,713,754	2,696,480	520,843	244,870	-	6,291,461
Disposals	-	(1,693,165)	(39,471)	-	(1,239)	-	(1,733,875)
Written off	-	(1,800)	(205,263)	-	(547,408)	-	(754,471)
Exchange differences Arising from acquisition of subsidiary	1,963,881	-	39,571	-	-	548,483	2,551,935
At 31 December 2013	262,169,068	-	6,015,241	-	-	73,214,649	341,398,958
	272,734,874	8,769,411	12,810,755	4,579,509	3,038,209	73,763,132	375,695,890
Accumulated depreciation							
At 1 January 2013	984,470	3,749,099	3,069,853	3,485,010	1,314,003	-	12,602,435
Charge for the financial year	2,270,550	965,340	794,931	220,248	610,568	875,654	5,737,291
Disposals	-	(1,393,509)	(35,921)	-	(873)	-	(1,430,303)
Written off	-	(1,799)	(171,370)	-	(294,370)	-	(467,539)
Exchange differences Arising from acquisition of subsidiary	697,022	-	30,506	-	-	515,210	1,242,738
At 31 December 2013	78,170,304	-	4,504,140	-	-	62,581,308	145,255,752
	82,122,346	3,319,131	8,192,139	3,705,258	1,629,328	63,972,172	162,940,374
Accumulated impairment							
At 1 January 2013/ 31 December 2013	-	6,053	-	-	-	-	6,053
Carrying amount							
At 31 December 2013	190,612,528	5,444,227	4,618,616	874,251	1,408,881	9,790,960	212,749,463

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

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	-	-	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	(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	(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

4. 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 RM7,236,720 (2012: RM7,391,310) which have been pledged to licensed banks as securities for credit facilities granted to the Company and certain subsidiary companies as disclosed in Notes 29 and 34.
- (ii) The remaining period of the leasehold land and buildings ranges from 31 to 96 (2012: 82 to 97) years.
- (iii) Included in the property, plant and equipment of the Group is motor vehicles under finance lease arrangement with carrying amount of RM2,633,065 (2012: RM3,653,003).
- (iv) Included in the property, plant and equipment of the Group is leasehold buildings under term loan financing with carrying amount of RM3,860,163 (2012: RM3,927,930).
- (v) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease arrangement, term loan financing and cash payment are as follows:

	Group	
	2013	2012
	RM	RM
Aggregate costs	6,291,461	7,060,373
Less: Finance lease	(2,232,000)	(1,342,600)
Less: Term loan financing	-	(935,000)
Cash payments	4,059,461	4,782,773

5. **Capital Work-In-Progress**

	2013	Group	2012
	RM		RM
At 1 January	1,746,404		6,744,696
Additions	2,039,523		8,706,714
Transferred to property, plant and equipment (Note 4)	-		(5,426,019)
Transferred to investment properties (Note 7)	-		(4,679,036)
Written off	-		(242,448)
Exchange differences	-		(169,853)
Reclassified to non-current assets classified as held for sale (Note 22)	(479,850)		-
Reclassified to assets of disposal group classified as held for sale (Note 23)	-		(3,187,650)
At 31 December	<u>3,306,077</u>		<u>1,746,404</u>

6. **Land and Property Development Costs**

	2013	Group	2012
	RM		RM
Non-Current			
Freehold land, at cost			
At 1 January	36,044,603		36,582,087
Additions	42,436,639		-
Disposals	-		(537,484)
At 31 December	<u>78,481,242</u>		<u>36,044,603</u>
Long term leasehold land, at cost			
At 1 January	58,455,160		61,117,958
Additions	58,597,412		-
Disposals	-		(4,425,627)
Reclassification	15,139,586		-
Transferred to current portion	(22,475,343)		(5,563,770)
Other movement	-		7,326,599
At 31 December	<u>109,716,815</u>		<u>58,455,160</u>

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

	2013	Group	2012
	RM		RM
Non-Current			
Property development costs			
At 1 January	243,186,071		391,107,970
Additions	53,327,903		39,322,647
Disposals	-		(3,505,123)
Transferred to current portion	(77,109,831)		(13,150,528)
Reclassification	(15,139,586)		-
Exchange differences	-		(370,276)
Other movement	-		(2,275,759)
Transferred to disposal group held for sale (Note 23)	-		(167,942,860)
At 31 December	<u>204,264,557</u>		<u>243,186,071</u>
Less: Accumulated impairment			
At 1 January	-		4,233,076
Exchange differences	-		(139,062)
Transferred to disposal group held for sale (Note 23)	-		(4,094,014)
At 31 December	<u>-</u>		<u>-</u>
	<u>392,462,614</u>		<u>337,685,834</u>
Current			
Long term leasehold land, at cost			
At 1 January	14,118,506		21,532,629
Additions	10,527,779		-
Transferred from non-current portion	22,475,343		5,563,770
Transferred to statements of comprehensive income	(5,376,683)		(5,666,094)
Reclassification	10,105,632		-
Reversal of impairment loss	-		14,800
Other movement	-		(7,326,599)
At 31 December	<u>51,850,577</u>		<u>14,118,506</u>

6. **Land and Property Development Costs (Cont'd)**

	2013	Group	2012
	RM		RM
Current			
Property development costs			
At 1 January	522,920,695		481,735,955
Additions	436,531,559		354,430,401
Reclassification	(10,105,632)		-
Transferred from non-current portion	77,109,831		13,150,528
Transferred to statements of comprehensive income	(395,798,954)		(326,397,441)
Transferred to inventories	(10,121,130)		-
Reversal of impairment loss	-		1,252
At 31 December	<u>620,536,369</u>		<u>522,920,695</u>
Less: Costs recognised in the statements of comprehensive income			
At 1 January	<u>467,609,868</u>		<u>432,750,900</u>
Recognised during the financial year	<u>368,222,283</u>		<u>367,384,156</u>
	835,832,151		800,135,056
Less: Portion related to completed projects	<u>(401,175,637)</u>		<u>(332,525,188)</u>
At 31 December	<u>434,656,514</u>		<u>467,609,868</u>
	<u>237,730,432</u>		<u>69,429,333</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 28, 29 and 34.
- (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 development gross sales value;
 - (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.

6. 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) Included in the property development costs for the financial year are as follows:

		Group	
	Note	2013 RM	2012 RM
Finance costs	37	12,045,941	16,472,193
Landowners consideration		105,964,232	17,236,661
Rental of premises		-	24,000
Staff costs	42	<u>155,425</u>	<u>923,736</u>

7. Investment Properties

	2013	Group	2012
	RM		RM
Cost			
At 1 January	8,065,833		6,741,273
Additions	282,859		1,324,560
Transferred from capital work-in-progress (Note 5)	-		4,679,036
Transferred to non-current assets classified as held for sale (Note 22)	-		(4,679,036)
At 31 December	<u>8,348,692</u>		<u>8,065,833</u>
Accumulated depreciation			
At 1 January	998,280		865,031
Charge for the financial year	150,507		133,249
At 31 December	<u>1,148,787</u>		<u>998,280</u>
Accumulated impairment			
At 1 January	626,793		625,393
Impairment made during the financial year	48,942		1,400
At 31 December	<u>675,735</u>		<u>626,793</u>
Carrying amount	<u>6,524,170</u>		<u>6,440,760</u>
Fair value	<u>11,212,000</u>		<u>10,982,000</u>

Investment properties with carrying amount of RM1,009,840 (2012: RM4,357,709) have been pledged to licensed banks as security for credit facilities granted to the Company and subsidiary companies as disclosed in Notes 29 and 34.

Certain investment properties have generated rental income during the financial year amounting to RM793,296 (2012: RM717,292).

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 78 to 86 (2012: 79 to 90) years.

8. Investment in Subsidiary Companies**(a) Investment in subsidiary companies**

	Company	
	2013 RM	2012 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)
	<u>393,366,006</u>	<u>393,366,006</u>

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group except as disclosed in Note 8 (e).

Details of the subsidiary companies are set out in Note 52.

(b) Disposal of subsidiary companies

On 12 August 2013, a subsidiary company, Dragon Hill Corporation Limited ("DHCL") has completed the disposal of the entire equity interest in Lamdeal Consolidated Development Limited ("LCDL") and Lamdeal Golf & Country Club Limited ("LGCCL") for an aggregate sale consideration of HKD1,650 million. Consequently, LCDL and LGCCL together with its subsidiary companies have ceased to be subsidiary companies of the Group.

The effect of the disposal on the financial results of the Group in respect of the financial year is as follows:

	Group	
	2013 RM	2012 RM
Revenue	14,863,471	-
Costs of sales	(1,534,325)	-
Gross profit	<u>13,329,146</u>	-
Other income	529,738	-
Operating expenses	(10,589,668)	-
Profit before taxation	<u>3,269,216</u>	-
Taxation	38,681	-
Net profit for the financial year	<u>3,307,897</u>	-

8. 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:

	2013	Group	2012
	RM		RM
Property, plant and equipment	210,134,620		-
Capital work-in-progress	3,672,252		-
Land and property development costs	168,139,601		-
Inventories	976,861		-
Trade and other receivables	149,132,626		-
Cash and bank balances	20,017,816		-
Goodwill on consolidation	16,097,791		-
Foreign exchange reserve	(8,954,200)		-
Deferred tax liabilities	(75,346,375)		-
Trade and other payables	(81,363,099)		-
Net assets	<u>402,507,893</u>		-
Less: Non-controlling interests	<u>(63,664,701)</u>		-
	338,843,192		-
Gain on disposal of investment in subsidiary companies	341,615,895		-
	<u>680,459,087</u>		<u>-</u>

The cash inflow arising from the disposal is as follows:

	2013	Group	2012
	RM		RM
Disposal proceeds settled by cash	680,459,087		-
Less: Cash and cash equivalents of subsidiary companies disposed	(20,017,816)		-
Less: Promissory note	(319,672,320)		-
Less: Quoted investment	<u>(149,586,766)</u>		-
Net cash inflow from disposal of investment in subsidiary companies	<u>191,182,185</u>		<u>-</u>

8. **Investment in Subsidiary Companies (Cont'd)**

(c) Acquisition of subsidiary companies

On 18 March 2013, LBS has acquired additional 52,500 ordinary shares of RM1.00 in Wirama Era Baru Sdn. Bhd. ("WEBSB") for a total cash consideration of RM52,500. Consequently, LBS's share in WEBSB has increased from 30% to 51%. On 4 September 2013, WEBSB has increased its paid up share capital from 250,000 to 500,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional 127,500 ordinary shares of RM1.00 each in WEBSB by way of cash.

On 3 April 2013, LBS has acquired additional 1 ordinary shares of RM1.00 each in Dataran Enigma Sdn. Bhd. ("DESB") for a total cash consideration of RM1. Consequently, DESB became a 51% subsidiary of LBS.

On 21 August 2013, LBS Bina Holding Sdn Bhd ("LBS") has subscribed 6 ordinary shares of RM1.00 each in Koleksi Sigma Sdn. Bhd. ("KSSB"), for a total cash consideration of RM6. Consequently, KSSB became a 60% subsidiary of LBS. On 22 August 2013, KSSB, has increased its paid up share capital from 10 to 100,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional of 59,994 ordinary shares of RM1.00 each in KSSB by way of cash. KSSB remained as 60% subsidiary of LBS.

On 2 October 2013, DHCL, a wholly-owned subsidiary of the Company exercised a purchase option to acquire the entire equity interest of Lamdeal Investments Limited ("LIL") for a consideration of USD1. LIL is an investment holding company and has 60% interest in a co-operative joint venture, Zhuhai International Circuit Limited ("ZICL"), in the People's Republic of China ("PRC"). The group foresees huge potential in the land owned by ZICL which may in future provide an opportunity for the group's venture into property development. The acquisition has been accounted for using the purchase method of accounting.

8. Investment in Subsidiary Companies (Cont'd)

(c) Acquisition of subsidiary companies (Cont'd)

The effect of the acquisition on the financial results of the Group in respect of the financial year is as follows:

	Group	
	2013	2012
	RM	RM
Revenue	4,576,864	-
Costs of sales	(960,292)	-
Gross profit	<u>3,616,572</u>	<u>-</u>
Other income	479,086	-
Operating expenses	(6,588,931)	-
Finance costs	(333,401)	-
Loss before taxation	<u>(2,826,674)</u>	<u>-</u>
Taxation	337,496	-
Net loss for the financial year	<u>(2,489,178)</u>	<u>-</u>
Exchange difference arising from translation of accounts of foreign subsidiary	<u>(331,823)</u>	<u>-</u>
Total comprehensive income for the financial year	<u><u>(2,821,001)</u></u>	<u><u>-</u></u>
Net loss for the financial year attributable to:		
Owners of the parent	(1,600,797)	-
Non-controlling interests	(888,381)	-
	<u><u>(2,489,178)</u></u>	<u><u>-</u></u>

8. Investment in Subsidiary Companies (Cont'd)**(c) Acquisition of subsidiary companies (Cont'd)**

Net cash outflows arising from acquisition of subsidiary companies are as follows:

	2013 RM	Group 2012 RM
Property, plant and equipment	196,143,206	-
Inventories	81,020	-
Trade and other receivables	2,126,210	-
Goodwill on consolidation	56,481	-
Cash and bank balances	3,563,199	-
Tax payable	(7,207)	-
Foreign exchange reerve	(121,397)	-
Deferred taxation	(39,139,044)	-
Trade and other payables	(171,510,182)	-
Net assets	(8,807,714)	-
Non-controlling interests	12,157,393	-
Group's share of net assets	3,349,679	-
Excess of fair value of net assets acquired over costs of acquisition	(3,297,169)	-
Total cost of acquisition, discharged by cash	52,510	-
 Purchase consideration satisfied by cash	 52,510	 -
Less: Cash and cash equivalents of subsidiary companies acquired	(3,563,199)	-
Net cash inflows from the acquisition of subsidiary companies	(3,510,689)	-

Impact of the acquisition on the consolidated statement of comprehensive income

From the date of acquisition, acquired subsidiary companies have contributed RM4,576,864 to the Group's revenue and decreased the profit for the financial year by RM2,489,178. If the combination had take place at the beginning of the financial year, the Group's revenue for the financial year from its continuing operations would have been increased by RM9,793,909 and profit for the financial year would have been decreased by RM10,927,338.

8. Investment in Subsidiary Companies (Cont'd)**(d) Transactions with non-controlling interests**

On 12 April 2013, a subsidiary company, LBS has disposed of its 30,000 ordinary shares of RM1.00 each representing 30% equity interest in LBS Maju Sdn. Bhd. ("LMSB"), for a total cash consideration of RM30,000. Consequently, LBS's shareholding in LMSB has reduced from 100% to 70%.

On 26 August 2013, Kalimah Jaya Sdn. Bhd. ("KJSB") has acquired additional 95,000 ordinary shares of RM1.00 each in Utuh Sejagat Sdn. Bhd. ("USSB") for a total cash consideration of RM10,640,000. Consequently, USSB became a wholly-owned subsidiary of KJSB. On 27 August 2013, USSB has increased its paid up share capital from 500,000 to 6,500,000 ordinary shares of RM1.00 each. KJSB has subscribed all its shareholding in KJSB by way of cash.

On 1 September 2013, LBS has acquired additional 30,000 ordinary shares of RM1.00 each in Getstyle Sdn. Bhd. (formerly known as Intelstyle Sdn. Bhd.) ("GSB") for a total cash consideration of RM1,800,000. Consequently, GSB became a wholly-owned subsidiary of LBS.

On 11 September 2013, LBS has acquired additional 20,000 ordinary shares of RM1.00 each in Pembangunan Primer Sdn. Bhd. ("PPSB") for a total cash consideration of RM1.00. Consequently, LBS's shareholding in PPSB has increased from 51% to 55%.

On 23 September 2013, LBS has acquired additional 10 ordinary shares of RM1.00 each in Dataran Enigma Sdn. Bhd. ("DESB") for a total cash consideration of RM2,000,000. Consequently, LBS's shareholding in DESB has increased from 51% to 61%.

On 5 December 2013, MITC Sdn. Bhd. ("MITC") has acquired additional 105,000 ordinary shares of RM1.00 each in MITC Engineering Sdn. Bhd. ("MITCE"), for a total cash consideration of RM8,300,000. Consequently, MITC's shareholding in MITCE has increased from 51% to 65%.

The effect of changes in the equity interest that is attributable to owners of the parent is as follows:

	RM
Carrying amount of non-controlling interests acquired	9,255,036
Consideration paid to non-controlling interests	(22,710,001)
Decrease in parent's equity	<u>(13,454,965)</u>

8. Investment in Subsidiary Companies (Cont'd)**(e) Non-controlling interests**

During the financial year, DHCL exercised a purchase option to acquire the entire equity interest in Lamdeal Investments Limited (“LIL”), which entered into a joint venture agreement on 28 August 1992 with a partner in the PRC to establish a co-operative joint venture, Zhuhai International Circuit Limited (“ZICL”), for development of an international racing circuit in Zhuhai. ZICL was established on 23 August 1993 for duration of 50 years and has a registered capital of USD12.6 million. LIL is entitled to a 60% profit share in ZICL.

LIL is required to inject the registered capital of ZICL while the PRC joint venture partner is required to contribute the land use rights to the joint venture.

Upon termination of 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 partners in accordance with their profit sharing ratio.

According to the articles of ZICL, LIL is allowed to appoint the majority of the board of directors, being the governing body of ZICL. As such, ZICL is classified as an indirect subsidiary of DCHL.

The summarised financial information on subsidiary companies with material non-controlling interests (“NCI”) is as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2013	2012	2013	2012	2013	2012
	%	%	RM	RM	RM	RM
Zhuhai International Circuit Limited	40	-	(890,357)	-	(13,307,695)	-
Lamdeal Group *	-	40	1,373,636	(3,256,647)	-	57,399,610
Individually immaterial subsidiaries with non-controlling interests					16,290,630	24,326,749
Total non-controlling interests					2,982,935	81,726,359

* Lamdeal Group represents Lamdeal Golf & Country Club Limited (“LGCCL”) and Lamdeal Consolidated Development Limited (“LCDL”).

8. Investment in Subsidiary Companies (Cont'd)**(e) Non-controlling interests (Cont'd)**

The summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amount before inter-company eliminations.

	Zhuhai International Circuit Limited		Lamdeal Group	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total assets	215,749,937	-	568,171,567	447,274,728
Total liabilities	(241,916,412)	-	(156,709,474)	(77,644,678)
Net (liabilities)/assets	<u>(26,166,475)</u>	<u>-</u>	<u>411,462,093</u>	<u>369,630,050</u>
Equity attributable to owners of the parent	(12,858,780)	-	411,462,093	427,029,660
Non-controlling interests	<u>(13,307,695)</u>	<u>-</u>	<u>-</u>	<u>(57,399,610)</u>
	<u>(26,166,475)</u>	<u>-</u>	<u>411,462,093</u>	<u>369,630,050</u>
Revenue	<u>4,560,066</u>	<u>-</u>	<u>14,863,471</u>	<u>22,175,899</u>
(Loss)/Profit before taxation	(2,563,387)	-	3,269,216	(9,958,278)
Taxation	<u>337,496</u>	<u>-</u>	<u>38,681</u>	<u>1,168,015</u>
Net (loss)/profit for the financial year	(2,225,891)	-	3,307,897	(8,790,263)
Other comprehensive income	<u>(331,823)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income	<u>(2,557,714)</u>	<u>-</u>	<u>3,307,897</u>	<u>(8,790,263)</u>
Net cash generated from/(used in) operating activities	952,057	-	(186,249)	5,347
Net cash used in investing activities	(47,299)	-	(1,253,074)	(5,730,595)
Net cash generated from/(used in) financing activities	<u>15,241,089</u>	<u>-</u>	<u>(519,276)</u>	<u>(345,827)</u>
Net increase/(decrease) in cash and cash equivalents	<u>16,145,847</u>	<u>-</u>	<u>(1,958,599)</u>	<u>(6,071,075)</u>

9. Investment in Associate Companies

	Group	
	2013	2012
	RM	RM
Unquoted shares in Malaysia, at cost	3,905,070	3,680,100
Share of post acquisition reserves	(911,814)	(978,337)
	<u>2,993,256</u>	<u>2,701,763</u>

Details of the associate companies are set out in Note 53.

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

	Group	
	2013	2012
	RM	RM
Assets and liabilities		
Non-current assets	92,116	-
Current assets	2,134,556	1,485,743
Total assets	<u>2,226,672</u>	<u>1,485,743</u>
Current liabilities	(681,909)	(821,950)
Total net assets	<u>1,544,763</u>	<u>663,793</u>
Results		
Revenue	-	-
Net loss for the financial year	<u>(156,421)</u>	<u>(346,178)</u>

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

	Group	
	2013	2012
	RM	RM
At 1 January	171,143	150,069
Additions during the financial year	24,211	21,074
At 31 December	<u>195,354</u>	<u>171,143</u>

The goodwill included within the Group's carrying amount of investment in associate companies is an amount of RM2,260,585 (2012: RM2,260,585).

10. **Trade Receivables**

	Group	
	2013 RM	2012 RM
Non-current		
Trade receivables	13,726,217	17,127,716
Current		
Trade receivables		
- Third parties	163,119,615	155,518,211
- Related parties	12,556,194	4,049,631
	175,675,809	159,567,842
Less: Accumulated impairment		
- Third parties	(1,359,568)	(1,186,249)
	174,316,241	158,381,593
	188,042,458	175,509,309

- (i) Included in the non-current trade receivables was an amount of RM13,726,217 (2012: RM17,127,716) in relation to disposal of land to a third party. The amount shall be settled progressively from its property development proceeds. An amount of RM1,600,000 (2012: RM1,050,000) has been received during the financial year.
- (ii) The current trade receivables were mainly related to sales of properties. Collection was pending loan approval and/or approval from relevant authorities.
- (iii) The Group's normal trade credit terms range from 14 to 60 days (2012: 21 to 60 days). Other credit terms are assessed and approved on a case by case basis.

10. Trade Receivables (Cont'd)

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

	Group	
	2013 RM	2012 RM
At 1 January	1,186,249	912,414
Impairment during the financial year	26,036	280,994
Exchange differences	3,337	-
Arising from acquisition of subsidiary companies	376,393	(1,606)
Reversal of impairment	(232,447)	(5,553)
At 31 December	<u>1,359,568</u>	<u>1,186,249</u>

Analysis of the trade receivables ageing are as follows:

	Group	
	2013 RM	2012 RM
Neither past due nor impaired	90,030,586	79,483,092
Past due less than 30 days not impaired	23,210,257	17,203,029
Past due for 31-60 days not impaired	16,020,958	19,722,204
Past due for more than 60 days not impaired	<u>58,780,657</u>	<u>59,100,984</u>
	188,042,458	175,509,309
Impaired	<u>1,359,568</u>	<u>1,186,249</u>
	<u>189,402,026</u>	<u>176,695,558</u>

In the previous year, included in the past due more than 60 days not impaired of the Group was an amount of RM9,000,000 which was in relation to land disposal. During the financial year, this amount has been fully received.

The past due more than 60 days not impaired of the Group were related to sales of properties. Collection was 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 the titles will only be transferred to the purchasers upon full settlement of purchase price.

The currency exposure profile is as follow:-

	Group	
	2013 RM	2012 RM
Chinese Renminbi	<u>685,607</u>	<u>-</u>

11. **Other Receivables**

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-current				
Other receivables	-	21,539,700	-	-
Current				
Other receivables				
- Third parties	22,916,651	29,394,104	-	-
- Related parties	210,622	599,230	-	-
	23,127,273	29,993,334	-	-
Less: Accumulated				
Impairment				
- Third parties	(9,886,552)	(13,901,053)	-	-
	13,240,721	16,092,281	-	-
Deposits				
- Third party	9,874,498	4,731,856	4,500	4,500
- Related party	29,528	1,200	-	-
Prepayments	351,899	930,371	2,588	-
	23,496,646	21,755,708	7,088	4,500
Total other receivables	23,496,646	43,295,408	7,088	4,500

- (i) In the previous year, the non-current other receivables of the Group was an amount of RM21,539,700 which represents unsecured, interest free advances to a former subsidiary company of a subsidiary company was consolidated after the latter subsidiary company exercised its option to repurchase equity interest of the former subsidiary company at a nominal consideration.
- (ii) In the previous year, the current other receivables of the Group was an amount of RM4,064,838 which represents unsecured, interest free advances to a former subsidiary company of a subsidiary company was consolidated after the latter subsidiary company exercised its option to repurchase equity interest of the former subsidiary company at a nominal consideration.
- (iii) Included in current other receivables of the Group was an amount of RM4,306,211 (2012: 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 was an amount of RM665,952 (2012: RM2,504,821) 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 development accounts by the developer. During the financial year, RM1.8 million has been received upon closure of certain development accounts.

11. Other Receivables (Cont'd)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At 1 January	13,901,053	53,697,942	-	-
Impairment during the financial year	-	2,076,555	-	-
Written off	(4,121,259)	(5,517,903)	-	-
Reversal on impairment	(33)	(275,391)	-	-
Exchange differences	106,791	(1,237,521)	-	-
Reclassified to assets of disposal group classified as held for sale	-	(34,842,629)	-	-
At 31 December	<u>9,886,552</u>	<u>13,901,053</u>	<u>-</u>	<u>-</u>

Analysis of the other receivables ageing is as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Neither past due nor impaired	3,194,606	23,546,270	-	-
Past due less than 30 days not impaired	-	1,464,074	-	-
Past due for 31-60 days not impaired	-	185,022	-	-
Past due for more than 60 days not impaired	<u>10,046,115</u>	<u>12,436,615</u>	<u>-</u>	<u>-</u>
	13,240,721	37,631,981	-	-
Impaired	<u>9,886,552</u>	<u>13,901,053</u>	<u>-</u>	<u>-</u>
	<u>23,127,273</u>	<u>51,533,034</u>	<u>-</u>	<u>-</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.

11. Other Receivables (Cont'd)

The currency exposure profile is as follows:

	Group	
	2013 RM	2012 RM
Hong Kong Dollars	69,467	1,992,529
Chinese Renminbi	<u>104,830</u>	<u>-</u>

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

- (i) An amount of RM4,306,211 (2012: 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.
- (ii) An amount of RM665,952 (2012: RM2,504,822) 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 development accounts by the developer. During the financial year, RM1.8 million has been received upon closure of certain housing development accounts.

12. Promissory Note

	Group	
	2013 RM	2012 RM
Non-current		
Promissory note	<u>219,098,880</u>	<u>-</u>
Current		
Promissory note	<u>100,573,440</u>	<u>-</u>
	<u>319,672,320</u>	<u>-</u>

The promissory note has a nominal amount of HKD850 million (equivalent to approximately RM350.97 million) and are secured, interest free and repayable by four annual instalments.

12. Promissory note (Cont'd)

The principal terms of the Promissory Note to be issued by Zhuhai Holdings Investment Group Limited ("ZHIGL") to Dragon Hill Corporation Limited ("DHCL") on 12 August 2013 are as follows:

- (a) Interest free, unless ZHIGL does not repay the relevant principal amount on or before the relevant maturity date pursuant to which:
 - (i) such overdue amount will be subject to an interest of 5% per annum if ZHIGL repays the same within 60 days from the relevant maturity date; and
 - (ii) the entire outstanding amount will be immediately become due and payable and subject to an interest of 5% per annum if ZHIGL does not repay the aforesaid overdue amount within 60 days.
- (b) Secured by a share charge in favour of DHCL over the Shares of Lamdeal Golf and Country Club Limited ("LGCCL") to secure the repayment obligation of ZHIGL under the Promissory Note.
- (c) The principal amount of the Promissory Note shall be repaid by ZHIGL according to the following payment schedule:

On or before	Amount to be paid by ZHIGL HKD
31 December 2014	250,000,000
31 December 2015	200,000,000
31 December 2016	200,000,000
31 December 2017	200,000,000
	<u>850,000,000</u>

ZHIGL has the right (but not the obligation) to prepay all or part of the outstanding amount prior to the relevant maturity date. Upon occurrence of certain events of default, the outstanding principal amount shall immediately become due and payable.

- (d) Non-transferable except with written consent of ZHIGL (which consent shall not be unreasonably withheld) or DHCL assigns the Promissory Note to any of its affiliates.

13. **Other Investments**

	Group	
	2013	2012
	RM	RM
Available for sale		
Transferable corporate club membership	1,248,500	1,253,500
Held-to-maturity investments		
Equity securities listed in Hong Kong measured at		-
fair value on recurring basis and classified on level 1		-
fair value hierarchy	137,200,601	-
	<u>138,449,101</u>	<u>1,253,500</u>

The fair value of the listed equity securities was determined by reference to the quoted prices in an active market.

14. **Goodwill on Consolidation**

	Group	
	2013	2012
	RM	RM
Costs		
At 1 January	134,550,097	140,470,462
Acquisition of subsidiary companies	56,481	10,102,761
Exchange differences	-	221,197
Reclassified as held for sale (Note 23)	-	(16,244,323)
At 31 December	<u>134,606,578</u>	<u>134,550,097</u>
Accumulated impairment		
At 1 January	31,312,740	19,982,690
Additions	9,139,084	11,330,050
At 31 December	<u>40,451,824</u>	<u>31,312,740</u>
Carrying amount	<u>94,154,754</u>	<u>103,237,357</u>

14. Goodwill on Consolidation (Cont'd)**(a) Impairment test for goodwill on consolidation**

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as property development.

(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 management covering a five-year period. The key assumptions used for value-in-use calculations are based on future projection of the Group in Malaysia as follows:

Gross margin	27% - 34%
Growth rate	N/A
Pre-tax discount rate	5.99%

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 RM9,139,084 (2012: RM11,330,050) 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.

15. Deferred Tax Assets

	Group	
	2013 RM	2012 RM
At 1 January	112,500	-
Recognised in profit or loss	742,872	112,500
At 31 December	<u>855,372</u>	<u>112,500</u>

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

	Group	
	2013 RM	2012 RM
Deferred tax assets	856,238	112,500
Deferred tax liabilities	(866)	-
	<u>855,372</u>	<u>112,500</u>

The component of deferred tax assets is as follows:

	Group	
	2013 RM	2012 RM
Unused tax losses	856,238	112,500
Accelerated capital allowances	(866)	-
	<u>855,372</u>	<u>112,500</u>

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	
	2013 RM	2012 RM
Unutilised capital allowances	442,575	411,156
Unused tax losses	88,213,268	65,242,561
Deductible temporary differences	801,073	945,473
	<u>89,456,916</u>	<u>66,599,190</u>

16. Inventories

	Group	
	2013	2012
	RM	RM
At cost:		
Unsold units of completed properties	20,191,114	11,297,110
Finished goods	87,602	-
At net realisable value:		
Unsold units of completed properties	2,296,400	2,296,400
	<u>22,575,116</u>	<u>13,593,510</u>

Included in the inventories above are carrying amount of RM3,170,900 (2012: RM13,593,510) which have been pledged to licensed banks as security for credit facilities granted to the Company and to the subsidiary companies as disclosed in Notes 29 and 34.

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

	Group	
	2013	2012
	RM	RM
Aggregate cost incurred to date	6,906,282	52,003,203
Less: Attributable profit/(losses)	<u>355,166</u>	<u>(222,359)</u>
	7,261,448	51,780,844
Less: Progress billings	<u>(10,874,299)</u>	<u>(53,438,046)</u>
	<u>(3,612,851)</u>	<u>(1,657,202)</u>
Represented by:		
Amount owing by customers on contracts	-	592,519
Amount owing to customers on contracts	<u>(3,612,851)</u>	<u>(2,249,721)</u>
	<u>(3,612,851)</u>	<u>(1,657,202)</u>

Included in progress billing is retention sum of Nil (2012: RM17,430,931).

18. Amount Owing by/(to) Subsidiary Companies**(a) Amount owing by subsidiary companies**

These represent unsecured interest free advances and repayable on demand except for an amount of RM228,928,195 (2012: RM136,461,188) which bears interest range from 5.86% to 5.99% (2012: 5.86% to 6.20%) per annum.

(b) Amount owing to subsidiary companies

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

19. Fixed Deposits with Licensed Banks

Included in the fixed deposits of the Group and of the Company are amount of RM15,332,443 and RM10,102,278 (2012: RM40,203,331 and RM38,645,711) respectively which are pledged to licensed banks as security for banking facilities granted to the Company and certain subsidiary companies as disclosed in Notes 28 and 29.

The interest rates and maturities of deposits range from 0.06% to 3.32% (2012: 2.24% to 3.35%) per annum and 1 to 365 days (2012: 1 to 365 days) respectively.

The currency exposure profile is as follows:

	Group	
	2013 RM	2012 RM
Chinese Renminbi	54,029,334	354,178
Hong Kong Dollar	15,197,513	-

20. 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 is 2.00% (2012: ranges from 2.00% to 2.05%) per annum.

21. 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 RM1,371,398 and RM52,937 (2012: RM769,572 and RM29,530) respectively maintained in accordance with the terms and conditions set out in Trust Deed dated 12 July 2010 as disclosed in Note 28 to meet redemption of maturing Islamic Securities and future disbursement.
- (ii) Included in cash and bank balances of the Group and of the Company are deposits with licensed bank amounting to RM4,439,784 and RM571,338 (2012: RM1,739,104 and RM894,356) respectively which are pledged to licensed bank for credit facilities granted to the Group and to the Company as disclosed in Note 29.

The currency exposure profile is as follows:

	Group	
	2013	2012
	RM	RM
United States Dollars	36,396	5,560
Hong Kong Dollars	1,204,849	23,456
Euro	1,237,631	-
Chinese Renminbi	<u>18,327,664</u>	<u>38,332</u>

22. 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	
	2013	2012
	RM	RM
At beginning of the financial year	4,679,036	-
Reclassified from investment properties (Note 7)	-	4,679,036
Reclassified from capital work-in progress (Note 5)	479,850	-
Additions	1,316,842	-
Disposals during the financial year	<u>(5,778,737)</u>	<u>-</u>
At end of the financial year	<u>696,991</u>	<u>4,679,036</u>

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

On 18 April 2012, 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 disposal has been completed on 12 August 2013. Details of the disposal as disclosed in Note 8 (b).

As at 31 December 2012, the assets and liabilities of LCDL and LGCCL have been presented on the statements of financial position as a disposal group held for sale and results from these subsidiaries are presented separately on the statements of comprehensive income as discontinued operations.

		Group	
	Note	2013 RM	2012 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>-</u>	<u>447,274,728</u>
Liabilities			
Trade payables		-	1,126,982
Other payables	(v)	-	4,431,691
Deffered tax liabilities		-	72,086,005
Liabilities of disposal group classified as held for sale		<u>-</u>	<u>77,644,678</u>
Net assets associated with disposal group classified as held for sale			
		<u>-</u>	<u>369,630,050</u>
Reserve:			
Foreign exchange reserve		<u>-</u>	<u>19,680,923</u>

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

(i) Included in property, plant and equipment is leasehold land with carrying amount of RM135,741,159, 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 which were capitalised in land and property development costs.

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

(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 29.

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.

23. Disposal Group Classified as Held for Sale/ Loss from Discontinued Operations (Cont'd)**Consolidated Statement of Comprehensive Income**

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

	2013	Group	2012
	RM		RM
Revenue	-		22,175,899
Cost of sales	-		(2,960,103)
Gross profit	-		19,215,796
Other income	-		1,118,522
Operating expenses	-		(30,292,596)
Loss before taxation	-		(9,958,278)
Tax credit	-		1,168,015
Loss for the year from discontinued operations	-		(8,790,263)

Included in loss before taxation from discontinued operations are:

	2013	Group	2012
	RM		RM
Auditors' remuneration			
- statutory	-		10,733
- 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
Other Directors salaries and other emoluments	-		915,474
Depreciation of property, plant and equipment	-		11,410,326
Unrealised gain in foreign exchange	-		(53,610)
Impairment on :			
- trade receivables	-		666
- other receivable	-		1,931,509
Gain on disposal of property, plant and equipment	-		(8,317)
Property, plant and equipment written off	-		72,343
Staff costs	-		9,281,161
Waiver of debts	-		(433,359)
Interest income	-		(75,224)

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

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

	2013	Group	2012
	RM		RM
Company's Directors fee	-		217,016
Other Directors salaries and other emoluments	-		580,322
Depreciation of property, plant and equipment	-		6,350
Staff costs	-		413,239
	<u> </u>		<u> </u>

Loss for the year from discontinued operations attributable to:

	2013	Group	2012
	RM		RM
Owners of the parent	-		5,533,616
Non-controlling interests	-		3,256,647
	<u> </u>		<u> </u>
	<u> </u>		<u>8,790,263</u>

Consolidated Statement of Cash Flows

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

	2013	Group	2012
	RM		RM
Net cash from operating activities	-		5,347
Net cash used in investing activities	-		(5,730,595)
Net cash used in financing activities	-		(345,827)
Effect on cash flows	<u> </u>		<u> </u>
	<u> </u>		<u>(6,071,075)</u>

24. **Share Capital**

	Group/Company			
	Number of Shares		Amount	
	2013 Unit	2012 Unit	2013 RM	2012 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				
At 1 January	386,552,557	386,552,557	386,552,557	386,552,557
Issuance of shares:				
Exercise of ESOS	32,326,800	-	32,326,800	-
Conversion of warrants	<u>60,772,000</u>	<u>-</u>	<u>60,772,000</u>	<u>-</u>
At 31 December	<u>479,651,357</u>	<u>386,552,557</u>	<u>479,651,357</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.

During the financial year, the Company increased its issued and paid-up share capital from 386,552,557 to 479,651,357 through the creation of 93,098,800 ordinary shares of RM1.00 each as follows:

- (a) 32,326,800 new ordinary shares of RM1.00 each for cash arising from the exercise of employees' share options at a weighted average exercise price of RM1.01 per ordinary share; and
- (b) 60,772,000 new ordinary shares of RM1.00 each for cash arising from the conversion of warrants.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

25. **Share Premium**

	Group/Company	
	2013 RM	2012 RM
Non-distributable		
At 1 January	16,945,016	16,945,016
Exercise of ESOS	438,936	-
Conversion of warrants	6,077,200	-
Disposal of treasury shares	3,180,747	-
At 31 December	<u>26,641,899</u>	<u>16,945,016</u>

26. **Treasury Shares**

	Group/Company			
	Number of shares		Amount	
	2013 Unit	2012 Unit	2013 RM	2012 RM
At 1 January	5,336,700	-	4,406,841	-
Additions during the year	9,548,000	5,336,700	13,303,464	4,406,841
Disposals during the year	<u>(7,370,000)</u>	<u>-</u>	<u>(8,168,867)</u>	<u>-</u>
At 31 December	<u>7,514,700</u>	<u>5,336,700</u>	<u>9,541,438</u>	<u>4,406,841</u>

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.

At the Extraordinary General Meeting held on 3 January 2012, the shareholders approved the share buy-back of up to 10% of the total issued and paid-up share capital of the Company. The authority from the shareholders has been renewed yearly at the shareholders' meeting. The renewal of share buy-back was last approved at the Annual General Meeting ("AGM") of the Company held on 28 June 2013 and will expire at the conclusion of the forthcoming AGM of the Company.

During the financial year, the Company repurchased 9,548,000 (2012: 5,336,700) of its issued shares from the open market. The average price paid for the shares repurchased was RM1.39 (2012: RM0.83) per share. The total consideration paid for the repurchase including transaction costs was amounting to RM13,303,464 (2012: RM4,406,841). The shares repurchased were held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965. Subsequently, the Company has disposed 7,370,000 (2012: Nil) of its treasury shares to the open market for a total consideration of RM11,349,614 (2012: Nil).

26. Treasury Shares (Cont'd)

The share repurchase transactions were retained as treasury shares. The Company has the right to resold these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participating in other distribution are superseded.

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

2013	Number of shares repurchased Unit	Highest price paid per share RM	Lowest price paid per share RM	Average price per shares RM	Cost RM
April	2,409,900	0.95	0.89	0.91	2,202,084
May	839,900	0.94	0.89	0.91	771,027
June	10,000	1.29	1.29	1.29	12,994
August	4,250,500	1.81	1.58	1.65	7,029,868
November	774,500	1.71	1.56	1.61	1,254,189
December	1,263,200	1.67	1.56	1.60	2,033,302
	<u>9,548,000</u>				<u>13,303,464</u>
2012					
February	250,000	0.80	0.87	0.84	198,405
March	460,000	0.82	0.77	0.80	366,912
April	1,695,000	0.89	0.79	0.84	1,430,459
May	571,500	0.84	0.79	0.82	463,194
June	190,200	0.80	0.79	0.80	152,083
July	1,360,000	0.86	0.78	0.82	1,107,577
August	800,000	0.85	0.84	0.85	679,699
September	10,000	0.85	0.85	0.85	8,512
	<u>5,336,700</u>				<u>4,406,841</u>
2013	Number of treasury shares resold Unit	Highest price resold per share RM	Lowest price resold per share RM	Average price resold per share RM	Sales proceeds RM
June	2,170,000	1.30	1.24	1.27	2,744,710
December	5,200,000	1.66	1.66	1.66	8,604,904
	<u>7,370,000</u>				<u>11,349,614</u>

27. **Other Reserves**

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-distributable				
Revaluation reserve	188,537	310,962	-	-
Foreign exchange reserve	17,316,371	10,271,081	-	-
ESOS reserve	6,321,209	3,258,606	6,321,209	3,258,606
Warrant reserve	8,875,372	14,952,572	8,875,372	14,952,572
Fair value adjustment reserve	(12,386,165)	-	-	-
Other reserve	(63,257,434)	(50,073,505)	-	-
	<u>(42,942,110)</u>	<u>(21,280,284)</u>	<u>15,196,581</u>	<u>18,211,178</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.

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

	Group/Company	
	2013	2012
	RM	RM
Non-distributable		
At 1 January	3,258,606	560,664
Share based payment	3,192,962	3,258,606
Realisation of ESOS reserve	(130,359)	(560,664)
At 31 December	<u>6,321,209</u>	<u>3,258,606</u>

Employees' 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.

27. Other Reserves (Cont'd)**Warrant reserve**

	Group/Company			
	Number of shares		Amount	
	2013 Unit	2012 Unit	2013 RM	2012 RM
Non-distributable				
At 1 January	154,076,578	154,076,578	14,952,572	14,952,572
Realisation of Warrants reserve	(60,772,000)	-	(6,077,200)	-
At 31 December	<u>93,304,578</u>	<u>154,076,578</u>	<u>8,875,372</u>	<u>14,952,572</u>

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

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 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.

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 2013, the total number of Warrants that remain unexercised was 93,304,578 (2012: 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 interests, and any consideration paid.

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes in the fair value of available-for-sale financial assets until they are disposed or impaired.

28. Islamic Securities

	Group/Company	
	2013	2012
	RM	RM
Secured		
Nominal value		
4.00% Islamic Securities 2010/2014	-	15,000,000
4.15% Islamic Securities 2010/2015	10,000,000	40,000,000
4.05% Islamic Securities 2011/2016	20,000,000	20,000,000
	<u>30,000,000</u>	<u>75,000,000</u>
 Analysed as:		
Repayable after twelve months	<u>30,000,000</u>	<u>75,000,000</u>

Maturities of Islamic Securities are as follows:

	Group/Company	
	2013	2012
	RM	RM
Within one year	-	-
Between one and two years	10,000,000	15,000,000
Between two and three years	20,000,000	40,000,000
Between three and four years	-	20,000,000
	<u>30,000,000</u>	<u>75,000,000</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.

The Islamic Securities are secured against the followings:

- (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")

28. Islamic Securities (Cont'd)

The Islamic Securities are secured against the followings: (Cont'd)

- (d) A pledge of the Company's fixed deposits as disclosed in Note 19;
- (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.

During the financial year, the Company has early redeemed RM45 million Islamic Securities, thus gave rise to a total interest savings of approximately RM3.6 million.

29. Bank Borrowings

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Secured				
Floating rates:				
Bridging loans	70,484,756	158,109,063	567,085	73,775,514
Term loans	141,250,349	156,604,737	-	34,492,193
Revolving credits	136,269,539	7,770,005	-	7,770,005
Total borrowings	<u>348,004,644</u>	<u>322,483,805</u>	<u>567,085</u>	<u>116,037,712</u>
Analysed as:				
Repayable within twelve months				
Floating rates:				
Bridging loans	13,034,119	64,132,264	-	49,862,617
Term loans	4,971,649	27,496,293	-	-
Revolving credits	42,029,539	7,770,005	-	7,770,005
	<u>60,035,307</u>	<u>99,398,562</u>	<u>-</u>	<u>57,632,622</u>
Repayable after twelve months				
Floating rates:				
Bridging loans	57,450,637	93,976,799	567,085	23,912,897
Term loans	136,278,700	129,108,444	-	34,492,193
Revolving credits	94,240,000	-	-	-
	<u>287,969,337</u>	<u>223,085,243</u>	<u>567,085</u>	<u>58,405,090</u>
Total borrowings	<u>348,004,644</u>	<u>322,483,805</u>	<u>567,085</u>	<u>116,037,712</u>

29. Bank Borrowings (Cont'd)

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' leasehold land and buildings as disclosed in Note 4;
- (b) fixed charge on certain subsidiary companies' land banks included in land and property development costs as disclosed in Note 6;
- (c) fixed charge on certain subsidiary companies' investment properties as disclosed in Note 7;
- (d) fixed charge on certain parcels of land under joint venture arrangement;
- (e) fixed charge on certain subsidiary companies' inventories as disclosed in Note 16;
- (f) a charge on certain quoted shares and promissory note;
- (g) assignment of certain subsidiary companies' sales proceeds and/or balances in certain Housing Development Accounts;
- (h) joint and several guarantee of certain Directors of the Company and certain subsidiary companies;
- (i) A pledge of certain subsidiary companies fixed deposits as disclosed in Note 19; and
- (j) A charge and/or assignment over the following accounts:
 - (i) Finance Service Reserve Account ("FSRA")
 - (ii) Operating Account ("OA")
 - (iii) Sinking Fund Account ("SFA")

Maturities of bank borrowings are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Within one year	60,035,307	99,398,562	-	57,632,622
Between one and two years	87,829,605	98,897,538	567,085	41,492,193
Between two and three years	33,112,196	99,199,666	-	16,912,897
Between three and four years	11,480,986	8,509,541	-	-
Between four and five years	121,533,734	13,191,688	-	-
After five years	34,012,816	3,286,810	-	-
	<u>348,004,644</u>	<u>322,483,805</u>	<u>567,085</u>	<u>116,037,712</u>

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

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

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
Bridging loans	7.85 - 8.10	7.85 - 8.35	8.10	7.85 - 8.10
Term loans	3.81 - 8.10	4.35 - 8.85	8.10	8.10
Revolving credits	7.10	7.60	7.60	7.60

The currency exposure profile is as follows:

	Group	
	2013	2012
	RM	RM
Hong Kong Dollars	105,600,000	-
United States Dollars	-	12,230,928

30. **Trade Payables**

	Group	
	2013	2012
	RM	RM
Non-current		
Trade payables	119,328,319	27,543,768
Current		
Trade payables		
- Third parties	155,617,413	89,021,609
- Related parties	3,412,785	5,603,926
	159,030,198	94,625,535
Retention sum		
- Third parties	38,369,443	28,060,611
- Related parties	2,058,231	2,203,371
	40,427,674	30,263,982
	199,457,872	124,889,517
Total trade payables	318,786,191	152,433,285

30. Trade Payables (Cont'd)

- (a) The non-current trade payables represents amount payable to landowners and joint venture partners for certain development project lands. 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 (2012: 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:

	Group	
	2013 RM	2012 RM
Chinese Renminbi	6,248,246	-
United States Dollars	233,807	-

31. Other Payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current				
Other payables				
- Third parties	1,749,597	27,337,206	-	-
- Related parties	45,682,975	32,082,879	-	-
	<u>47,432,572</u>	<u>59,420,085</u>	<u>-</u>	<u>-</u>
Current				
Other payables				
- Third parties	176,202,815	78,829,824	66,773	383,168
- Related parties	25,563,676	18,170,309	-	-
	201,766,491	97,000,133	66,773	383,168
Accruals	51,553,398	11,776,019	1,418,207	1,128,348
Deposits	3,216,986	3,971,113	-	-
	<u>256,536,875</u>	<u>112,747,265</u>	<u>1,484,980</u>	<u>1,511,516</u>
Total other payables	<u>303,969,447</u>	<u>172,167,350</u>	<u>1,484,980</u>	<u>1,511,516</u>

- (a) Included in non-current other payables represents an amount of RM47,432,572 (2012: RM48,113,706) owing to certain former shareholders of subsidiary companies and joint venture partner which was not expected to be repaid within the next twelve months.

31. Other Payables (Cont'd)

- (b) Included in current other payables represents an amount of RM17,290,404 (2012: RM12,621,693) owing to certain former shareholders of subsidiary companies. As at reporting date, RM6,098,000 has been repaid.
- (c) The currency exposure profile is as follows:

	2013	Group	2012
	RM		RM
Hong Kong Dollars	11,422,936		80,311
Chinese Renminbi	137,777,953		-
United States Dollars	<u>3</u>		<u>130,045</u>

32. Finance Lease Payables

	2013	Group	2012
	RM		RM
(a) Minimum lease payments			
Within one year	1,199,929		1,106,340
Between one and five years	2,944,822		2,040,342
After five years	<u>725,841</u>		<u>520,479</u>
	4,870,592		3,667,161
Less: Future finance charges	<u>(548,071)</u>		<u>(410,450)</u>
Present value of minimum lease payments	<u>4,322,521</u>		<u>3,256,711</u>
(b) Present value of finance lease payables			
Within one year	1,019,477		963,404
Between one and five years	2,614,673		1,804,713
After five years	<u>688,371</u>		<u>488,594</u>
	<u>4,322,521</u>		<u>3,256,711</u>
Analysed as:			
Repayable within twelve months	1,019,477		963,404
Repayable after twelve months	<u>3,303,044</u>		<u>2,293,307</u>
	<u>4,322,521</u>		<u>3,256,711</u>

32. Finance Lease Payables (Cont'd)

Interest is charged at rates ranging from 2.18% to 4.00% (2012: 2.24% to 4.00%) per annum.

The Group leases motor vehicles under finance lease as disclosed in Note 4. At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

33. Deferred Tax Liabilities

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

	Group	
	2013 RM	2012 RM
Deferred tax liabilities	39,659,682	131,270
Deferred tax assets	(120,000)	(17,500)
	<u>39,539,682</u>	<u>113,770</u>

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 2013	113,770	-	-	113,770
Recognised in profit or loss	(731,339)	-	-	(731,339)
Exchange differences	1,018,207	-	-	1,018,207
Acquisition of subsidiary company	39,139,044	-	-	39,139,044
At 31 December 2013	<u>39,539,682</u>	<u>-</u>	<u>-</u>	<u>39,539,682</u>
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>

34. **Bank Overdrafts**

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Secured				
Repayable within twelve months	761,587	28,587,302	120,561	8,448,930

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

- (a) fixed charge on certain subsidiary companies' leasehold buildings as disclosed in Note 4;
- (b) fixed charge on certain subsidiary companies' land banks included in land and property development costs as disclosed in Note 6;
- (c) fixed charge on certain subsidiary companies' investment properties as disclosed in Note 7;
- (d) third party first legal charge over certain individual titles under development;
- (e) fixed charge on certain subsidiary companies' inventories as disclosed in Note 16; and
- (f) joint and several guarantee of certain Directors of the Company and certain subsidiary companies.

Interest is charged at rate of 8.10% (2012: ranging from 8.10% to 8.85%) per annum.

35. **Revenue**

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Property development	518,500,225	502,026,139	-	-
Construction contracts	-	3,336,984	-	-
Trading and others	10,362,633	4,281,232	-	-
Racing circuit	4,576,864	-	-	-
Management fee from:				
- subsidiary company	-	-	120,000	120,000
- third parties	93,000	-	-	-
Dividend from subsidiary companies	-	-	74,048,426	21,490,560
	<u>533,532,722</u>	<u>509,644,355</u>	<u>74,168,426</u>	<u>21,610,560</u>

36. Cost of Sales

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Property development	354,436,785	356,993,952	-	-
Construction contracts	-	2,531,737	-	-
Trading and others	9,558,491	3,890,760	-	-
Racing circuit	960,292	-	-	-
	<u>364,955,568</u>	<u>363,416,449</u>	<u>-</u>	<u>-</u>

37. Finance Costs

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Interest expenses on:					
Term loans		9,595,460	12,460,467	2,034,999	3,136,537
Bank overdrafts		1,317,752	3,144,763	614,056	760,731
Bridging loans		8,825,847	10,392,224	3,466,619	4,877,971
Revolving credits		2,675,835	1,052,563	270,482	1,052,563
Hire purchase		181,883	171,339	-	-
Islamic Securities		2,636,997	5,295,512	2,636,997	5,295,512
Others		1,983,017	2,412,572	277,164	-
		<u>27,216,791</u>	<u>34,929,440</u>	<u>9,300,317</u>	<u>15,123,314</u>
Less:					
Interest capitalised in property development costs	6	(12,045,941)	(16,472,193)	-	-
Cost sharing with subsidiary companies		-	-	(4,673,754)	(9,388,013)
		<u>15,170,850</u>	<u>18,457,247</u>	<u>4,626,563</u>	<u>5,735,301</u>

38. Profit before Taxation

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Auditors' remuneration				
- statutory	295,794	238,564	50,000	50,000
- others	48,815	130,500	38,300	10,500
- under provision in prior years	29,877	21,005	-	8,000
Bad debt written off	82,447	600,413	-	-
Director remuneration:				
Company's Directors				
- fee	381,600	381,600	237,600	237,600
- salaries and other emoluments	7,945,704	6,169,830	1,030,337	444,300
- EPF	985,500	886,260	-	-
- benefit-in-kind	382,019	264,638	-	-
Other Directors				
- fee	227,000	211,300	-	-
- salaries and other emoluments	796,634	417,049	-	-
- EPF	55,716	53,979	-	-
Depreciation of:				
- property, plant and equipment	5,737,291	2,250,108	-	-
- investment properties	150,507	133,249	-	-
Inventories written down	-	659,752	-	-
Impairment on:				
- trade receivables	26,036	280,328	-	-
- other receivables	-	145,046	-	-
Impairment of goodwill arising on consolidation	9,139,084	11,330,050	-	-
Impairment of investment properties	48,942	1,400	-	-
Loss on disposal of associate company	-	490,000	-	-
Property, plant and equipment written off	286,932	130,756	-	-
Rental of premises	161,550	109,600	-	-
Rental of office equipment	53,933	5,520	-	-
Share based payment	3,192,962	3,258,606	3,192,962	3,258,606
Unquoted investment written off	5,000	-	-	-
Unrealised loss/(gain) on foreign exchange	585,767	(85,655)	10,219	-

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Fair value adjustment on non-current assets and non-current liabilities, net	(1,540,829)	(3,439,524)	-	-
Gain on disposal of property, plant and equipment	(199,213)	(244,574)	-	-
Gain on disposal of subsidiary companies	(341,615,895)	-	-	-
Gain on disposal of non-current assets held for sale	(2,384,963)	-	-	-
Gain on disposal of associate company	(91,870)	-	-	-
Negative goodwill written off	(3,297,169)	-	-	-
Interest income on advance to subsidiary companies	-	-	(1,765,569)	(1,022,909)
Interest income	(4,135,338)	(2,588,066)	(1,089,464)	(942,973)
Receipt on unclaimed monies	(1,291)	-	-	-
Rental income from:				
- investment properties	(793,296)	(717,292)	-	-
- others	(394,030)	(659,037)	-	-
Reversal of impairment on:				
- trade receivables	(232,447)	(5,553)	-	-
- other receivables	(33)	(275,391)	-	-
Reversal of impairment for foreseeable loss on construction contract	-	(44,883)	-	-
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)	-	-

39. **Taxation**

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Continuing operations:				
Current income tax				
Current tax provision	32,256,597	33,365,660	8,621,200	4,262,335
Under/(Over) provision in prior years	1,360,906	(1,466,066)	-	58,382
	<u>33,617,503</u>	<u>31,899,594</u>	<u>8,621,200</u>	<u>4,320,717</u>
Deferred taxation				
Relating to origination and reversal of temporary differences	(751,881)	(4,454,233)	-	-
Under/(Over) provision in prior years	20,542	(224,794)	-	-
	<u>(731,339)</u>	<u>(4,679,027)</u>	<u>-</u>	<u>-</u>
Tax expense attributable to continuing operations	<u>32,886,164</u>	<u>27,220,567</u>	<u>8,621,200</u>	<u>4,320,717</u>
Tax credit attributable to discontinued operations	<u>38,681</u>	<u>1,168,015</u>	<u>-</u>	<u>-</u>

Income tax is calculated at the statutory tax rate of 25% (2012: 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	
	2013	2012
	RM	RM
Profit before taxation	<u>426,901,921</u>	<u>75,014,260</u>
Taxation at statutory rate of 25%	106,725,480	18,753,565
Subsidiary companies domiciled in tax heaven country	342,505	300,143
Income not subject to tax	(87,254,471)	(2,565,396)
Expenses not deductible for tax purposes	10,081,755	10,144,531
Deferred tax assets not recognised	1,100,362	2,278,584
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	954,016	-
Under/(Over) provision of taxation in prior years	1,366,680	(1,466,066)
Over provision of deferred tax in prior years	(85,558)	(224,794)
Others	(344,605)	-
	<u>32,886,164</u>	<u>27,220,567</u>

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

	Company	
	2013	2012
	RM	RM
Profit before taxation	<u>65,366,206</u>	<u>12,983,175</u>
Taxation at statutory rate of 25%	16,341,552	3,245,794
Expenses not deductible for tax purposes	1,478,211	1,016,541
Income not subject to tax	<u>(9,198,563)</u>	<u>58,382</u>
	<u>8,621,200</u>	<u>4,320,717</u>

The Group has estimated unused tax losses and unutilised capital allowances of RM75,222,571 (2012 : RM62,572,409) and RM1,366,673 (2012 : RM1,290,550) respectively carried forward available for set-off against future taxable profit.

40. **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	
	2013	2012
	RM	RM
Net profit/(loss) for the financial year attributable to ordinary shareholders		
- continuing operations	389,839,892	42,693,133
- discontinued operations	<u>2,822,645</u>	<u>(5,533,618)</u>
	<u>392,662,537</u>	<u>37,159,515</u>
Weighted average number of ordinary shares in issue	416,132,853	388,707,006
Adjusted for:		
Treasury shares	<u>(7,514,700)</u>	<u>(5,336,700)</u>
	<u>408,618,153</u>	<u>383,370,306</u>
Basic earnings per ordinary share (in sen)		
- continuing operations	95.40	11.14
- discontinued operations	<u>0.69</u>	<u>(1.44)</u>
	<u>96.09</u>	<u>9.70</u>

40. 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 parent and the adjusted weighted average number of ordinary shares issued and issuable during the year as follows:

	2013	Group	2012
	RM		RM
Net profit/(loss) for the financial year attributable to ordinary shareholders			
- continuing operations	389,839,892		42,693,133
- discontinued operations	2,822,645		(5,533,618)
	<u>392,662,537</u>		<u>37,159,515</u>
Weighted average number of ordinary shares in issue	416,132,853		388,707,006
Adjusted for:			
Treasury shares	(7,514,700)		(5,336,700)
Assumed exercise of ESOS at no consideration	2,001,177		*
Assumed conversion of Warrants	15,941,486		*
	<u>426,560,816</u>		<u>383,370,306</u>
Diluted earnings per ordinary share (in sen)			
- continuing operations	91.39		11.14
- discontinued operations	0.66		(1.44)
	<u>92.05</u>		<u>9.70</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.

41. 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.

41. 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.

41. 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 RM1.00 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.

41. 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	Exercised	At 31 December	Exercisable at 31 December
2013						
New ESOS						
First Grant	34,197,750	-	(1,921,750)	(27,375,050)	4,900,950	4,900,950
Second Grant	-	8,087,050	(40,100)	(4,739,350)	3,307,600	3,307,600
Third Grant	-	453,700	-	(175,500)	278,200	278,200
Fourth Grant	-	275,250	-	(36,900)	238,350	238,350
Fifth Grant	-	400,200	-	-	400,200	400,200
Sixth Grant	-	194,500	-	-	194,500	194,500
Seventh Grant	-	121,400	-	-	121,400	121,400
	<u>34,197,750</u>	<u>9,532,100</u>	<u>(1,961,850)</u>	<u>(32,326,800)</u>	<u>9,441,200</u>	<u>9,441,200</u>
WAEP	1.00	1.14	1.08	1.01	1.10	1.10
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	1.01	1.00	1.00	1.00	1.00	1.00

41. **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
	2013 RM	2012 RM	
ESOS			
First Grant	-	1.00	10.06.2003 - 15.09.2012
Second Grant	-	1.00	30.06.2003 - 15.09.2012
Third Grant	-	1.23	31.12.2003 - 15.09.2012
Fourth Grant	-	1.29	30.06.2004 - 15.09.2012
Fifth Grant	-	1.06	31.12.2004 - 15.09.2012
Sixth Grant	-	1.00	30.06.2005 - 15.09.2012
Special Grant	-	1.00	01.08.2005 - 15.09.2012
Seventh Grant	-	1.00	31.12.2005 - 15.09.2012
Eighth Grant	-	1.00	30.06.2006 - 15.09.2012
Ninth Grant	-	1.00	31.12.2006 - 15.09.2012
Tenth Grant	-	1.00	30.06.2007 - 15.09.2012
Eleventh Grant	-	1.00	31.12.2007 - 15.09.2012
Twelfth Grant	-	1.00	30.06.2008 - 15.09.2012
Thirteenth Grant	-	1.00	31.12.2008 - 15.09.2012
Fourteenth Grant	-	1.00	30.06.2009 - 15.09.2012
Fifteenth Grant	-	1.00	31.12.2009 - 15.09.2012
Sixteenth Grant	-	1.00	30.06.2010 - 15.09.2012
Seventeenth Grant	-	1.00	31.12.2010 - 15.09.2012
Eighteenth Grant	-	1.00	30.06.2011 - 15.09.2012
Nineteenth Grant	-	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	1.00	18.09.2012 - 17.09.2022
Second Grant	1.08	-	01.07.2013 - 17.09.2022
Third Grant	1.22	-	01.08.2013 - 17.09.2022
Fourth Grant	1.46	-	01.09.2013 - 17.09.2022
Fifth Grant	1.69	-	01.10.2013 - 17.09.2022
Sixth Grant	1.61	-	01.11.2013 - 17.09.2022
Seventh Grant	1.50	-	01.12.2013 - 17.09.2022
<hr/>			

41. 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:

	2013	2012
	RM	RM
ESOS		
Fair value of share options at the following grant dates		
30 June 2005	-	0.122
1 August 2005	-	0.118
31 December 2005	-	0.026
30 June 2006	-	0.059
31 December 2006	-	0.043
30 June 2007	-	0.134
31 December 2007	-	0.049
30 June 2008	-	0.009
31 December 2008	-	0.001
30 June 2009	-	0.012
31 December 2009	-	0.035
30 June 2010	-	0.027
31 December 2010	-	0.031
30 June 2011	-	0.106
31 December 2011	-	0.044
30 June 2012	-	0.001
	<hr/>	<hr/>
Weighted average share price (RM)	-	0.60
Weighted average exercise price (RM)	-	1.01
Expected volatility (%)	-	27
Expected option life (years)	-	1 to 7
Risk-free interest rate, p.a. (%)	-	3.17
Expected dividend yield (%)	-	2.81
	<hr/>	<hr/>

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

	2013	2012
	RM	RM
New ESOS		
Fair value of share options at the following grant dates		
15 September 2012	0.06 - 0.17	0.06 - 0.17
1 July 2013	0.29 - 0.36	-
1 August 2013	0.35 - 0.43	-
1 September 2013	0.45 - 1.08	-
1 October 2013	1.07	-
1 November 2013	1.10	-
1 December 2013	1.03	-
	<hr/>	<hr/>
Weighted average share price (RM)	1.32	0.84
Weighted average exercise price (RM)	1.01	1.00
Expected volatility (%)	30.57 - 52.34	35.68
Expected option life (years)	9	10
Risk-free interest rate, p.a. (%)	3.22 - 4.41	3.21
Expected dividend yield (%)	1.69 - 8.33	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.

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:

	2013	Group	2012
	RM		RM
ESOS			
At 1 January	-		19,961,500
Additions *	-		2,121,000
Granted	-		165,000
Expired	-		(22,247,500)
At 31 December	<hr/>		<hr/>
	-		-

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

	Group	
	2013 RM	2012 RM
New ESOS		
At 1 January	20,103,000	-
Additions *	2,961,000	20,103,000
Granted	3,904,000	-
Forfeited	(1,890,000)	-
Exercised	(19,270,200)	-
At 31 December	<u>5,807,800</u>	<u>20,103,000</u>

* Share options previously granted to additional members of key management during the financial year ended 31 December 2013

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

42. **Staff Costs**

	Group	
Note	2013 RM	2012 RM
Staff costs (excluding Directors) comprise:		
- charged to statements of comprehensive income	22,956,653	17,670,582
- capitalised in property development costs	6 <u>155,425</u>	<u>923,736</u>
Total staff costs for the financial year	<u>23,112,078</u>	<u>18,594,318</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 RM2,263,205 (2012: RM1,864,042).

43. Dividends

	Group/Company	
	2013	2012
	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	-	7,147,992
First and final dividend of 2.5 sen less 25% taxation on 412,377,707 ordinary shares of RM1.00 each, in respect of the financial year ended 31 December 2012	7,732,090	-
Special tax exempt dividend of 8 sen on 457,878,957 ordinary shares of RM1.00 each, in respect of the financial year ended 31 December 2013	36,630,316	-
	<u>44,362,406</u>	<u>7,147,992</u>

44. 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.

44. Related Party Disclosures (Cont'd)**(a) Identity of related parties (Cont'd)**

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:

	2013	2012
	RM	RM
Group		
Other related parties:		
Income		
Sales of properties	9,152,232	41,652,824
Rendering of services	31,300	30,797
Rental income	8,800	7,200
Expense		
Contractors fee	15,169,816	14,984,009
Equity instrument	12,152,501	10,210,001
Project consultancy fee	4,000	40,800
Rental expenses	123,600	106,300
Provision of services as advocates and solicitors	589,713	250,170
	<hr/>	<hr/>
Company		
Holding company:		
Dividends paid	23,617,750	4,602,634
	<hr/>	<hr/>
Subsidiary companies:		
Income		
Management fee	120,000	120,000
Dividend income	74,048,426	21,490,560
Interest income	1,765,569	1,022,909
Other		
Settlement of liabilities on behalf of the company	-	180,000
	<hr/>	<hr/>
Other related parties:		
Provision of services as advocates and solicitors	3,000	-
	<hr/>	<hr/>

44. 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 or its subsidiaries and their close family members.
- (c) Information regarding outstanding balances arising from related party transactions as at 31 December 2013 is disclosed in Notes 10, 11, 30 and 31.
- (d) Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Short-term employee benefits	14,733,353	12,853,429	518,623	384,000
Share based payments	935,632	2,101,592	935,632	2,101,592

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.

45. 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:

45. 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 and others	Trading in building material, insurance agent, and selling of membership and covering insurance.
Construction	Building, project planning cum implementation contractor.
Racing circuit	Racing circuit 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 taxation, 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:

	2013 RM	2012 RM
Malaysia	528,955,858	509,644,355
People's Republic of China	<u>4,576,864</u>	<u>-</u>

45. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading and Others RM	Construction RM	Racing Circuit RM	Total RM	Discontinued Operations RM	Total RM
2013								
Revenue								
Sales	518,500,225	154,503,623	36,776,685	218,621,477	4,576,864	932,978,874	14,863,471	947,842,345
Less: Inter-segment sales	-	(154,410,623)	(26,414,052)	(218,621,477)	-	(399,446,152)	-	(399,446,152)
	518,500,225	93,000	10,362,633	-	4,576,864	533,532,722	14,863,471	548,396,193
Results								
Segment results	101,713,959	338,440,226	173,921	(76,942)	(2,250,446)	438,000,718	3,231,279	441,231,997
Interest income	2,863,045	1,218,073	-	-	16,282	4,097,400	37,937	4,135,337
Finance costs	(10,013,987)	(4,810,742)	(12,720)	-	(333,401)	(15,170,850)	-	(15,170,850)
Share of loss in associate companies	-	-	(25,347)	-	-	(25,347)	-	(25,347)
Profit/(Loss) before taxation	94,563,017	334,847,557	135,854	(76,942)	(2,567,565)	426,901,921	3,269,216	430,171,137
Taxation	(33,674,769)	692,344	(59,216)	(182,019)	337,496	(32,886,164)	38,681	(32,847,483)
Net profit/(loss) for the financial year	60,888,248	335,539,901	76,638	(258,961)	(2,230,069)	394,015,757	3,307,897	397,323,654
Assets								
Additional investment in associate companies	-	300,020	-	-	-	300,020	-	300,020
Additional to non-current assets	155,381,502	137,200,601	-	1,814,370	494,565,591	788,962,064	-	788,962,064
Segment assets	1,126,628,983	611,630,291	1,576,744	54,319,634	215,657,018	2,009,812,670	-	2,009,812,670

45. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading and Others RM	Construction RM	Racing Circuit RM	Total RM	Discontinued Operations RM	Total RM
2013								
Other non-cash expenses								
Bad debts written off	82,447	-	-	-	-	82,447	-	82,447
Depreciation of property, plant and equipment	2,770,317	3,567	-	58,511	3,055,403	5,887,798	-	5,887,798
Impairment on investment properties	-	48,942	-	-	-	48,942	-	48,942
Impairment on trade and others receivables	24,749	-	-	-	1,287	26,036	-	26,036
Property, plant and equipment written off	20,069	14,909	-	251,954	-	286,932	-	286,932
Loss on disposal of property, plant and equipment	35,664	-	-	-	-	35,664	-	35,664
Unrealised loss on foreign exchange	-	2,108,142	-	-	22,460	2,130,602	228,392	2,358,994
Unquoted investment written off	5,000	-	-	-	-	5,000	-	5,000
Impairment of goodwill arising on consolidation	9,139,084	-	-	-	-	9,139,084	-	9,139,084
Share based payment	-	3,192,962	-	-	-	3,192,962	-	3,192,962

45. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading and Others RM	Construction RM	Racing Circuit RM	Total RM	Discontinued Operations RM	Total RM
2013								
Other non-cash income								
Gain on disposal of property, plant and equipment	(226,353)	-	-	(873)	-	(227,226)	(7,651)	(234,877)
Gain on disposal of non-current assets classified held for sale	-	-	-	(2,384,963)	-	(2,384,963)	-	(2,384,963)
Gain on disposal of subsidiary companies	-	(341,615,895)	-	-	-	(341,615,895)	-	(341,615,895)
Gain on disposal of associate companies	-	(91,870)	-	-	-	(91,870)	-	(91,870)
Negative goodwill written off	-	(3,297,169)	-	-	-	(3,297,169)	-	(3,297,169)
Unrealised gain on foreign exchange	-	(1,059,435)	-	-	(485,400)	(1,544,835)	(403,694)	(1,948,529)
Reversal of impairment on trade and others receivables	(232,480)	-	-	-	-	(232,480)	-	(232,480)
Fair value adjustment on non-current assets and non-current liabilities, net	(1,540,829)	-	-	-	-	(1,540,829)	-	(1,540,829)

45. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading and Others RM	Construction RM	Racing Circuit RM	Total RM	Discontinued Operations RM	Total RM
2012								
Revenue								
Sales	502,026,139	61,420,796	26,891,332	212,393,439	-	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>4,281,232</u>	<u>3,336,984</u>	<u>-</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)	21,275	169,316	-	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 associate companies	-	-	(101,547)	-	-	(101,547)	-	(101,547)
Profit/(Loss) before taxation	<u>86,852,213</u>	<u>(11,927,273)</u>	<u>(84,886)</u>	<u>174,206</u>	<u>-</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)
Net profit/(loss) for the financial year	<u>58,451,950</u>	<u>(10,875,350)</u>	<u>(98,112)</u>	<u>315,205</u>	<u>-</u>	<u>47,793,693</u>	<u>(8,790,264)</u>	<u>39,003,429</u>
Assets								
Additional investment in associate 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>1,368,249</u>	<u>30,372,822</u>	<u>-</u>	<u>987,733,590</u>	<u>447,274,727</u>	<u>1,435,008,317</u>

45. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading and Others RM	Construction RM	Racing Circuit 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	-	73	125,440	-	130,756	72,343	203,099
Loss on disposal of property, plant and equipment	14,179	-	-	-	-	14,179	-	14,179
Loss on disposal of associate companies	-	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

45. Segment Information (Cont'd)

	Property Development RM	Management and Investment RM	Trading and Others RM	Construction RM	Racing Circuit RM	Total RM	Discontinued Operations RM	Total RM
2012								
Other non-cash income								
Gain on disposal of investment 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)

46. **Contingent Liabilities**

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Corporate guarantees given to the licensed banks for credit facilities granted to subsidiary companies - unsecured	-	-	347,437,559	192,328,719
Corporate guarantees given to the suppliers of goods and for development purpose for credit terms granted to subsidiary companies - unsecured	-	-	76,898,939	1,438,673
Banker's guarantees in favour of the local authorities for the purpose of development projects - Secured	13,241,265	12,639,823	-	-

47. **Financial Instruments**

(a) Classification of financial instruments

The table below provides an analysis of financial instruments categories:

	Carrying amount	Loans and receivables	Available-for-sale	Held-to-maturity	Financial liabilities at amortised cost
	RM	RM	RM	RM	RM
Group					
2013					
Financial Assets					
Other investments	138,449,101	-	138,449,101	-	-
Trade receivables	188,042,458	188,042,458	-	-	-
Other receivables	23,496,646	23,496,646	-	-	-
Promissory note	319,672,320	-	-	319,672,320	-
Fixed deposits with licensed banks	152,756,932	152,756,932	-	-	-
Cash held under Housing Development Accounts	57,977,521	57,977,521	-	-	-
Cash and bank balances	78,610,013	78,610,013	-	-	-
Total financial assets	959,004,991	500,883,570	138,449,101	319,672,320	-

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

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

	Carrying amount RM	Loans and receivables RM	Available- for-sale RM	Held-to- maturity RM	Financial liabilities at amortised cost RM
Group					
2013					
Financial Liabilities					
Trade payables	318,786,191	-	-	-	318,786,191
Other payables	303,969,447	-	-	-	303,969,447
Finance lease payables	4,322,521	-	-	-	4,322,521
Islamic Securities	30,000,000	-	-	-	30,000,000
Bank borrowings and overdrafts	348,766,231	-	-	-	348,766,231
Total financial liabilities	<u>1,005,844,390</u>	-	-	-	<u>1,005,844,390</u>
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>	-	-
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>

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

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

	Carrying amount RM	Loans and receivables RM	Available- for-sale RM	Held-to- maturity RM	Financial liabilities at amortised cost RM
Company					
2013					
Financial Assets					
Other receivables	7,088	7,088	-	-	-
Amount owing by subsidiary companies	65,940,805	65,940,805	-	-	-
Fixed deposits with licensed banks	24,486,520	24,486,520	-	-	-
Cash and bank balances	751,244	751,244	-	-	-
Total financial assets	<u>91,185,657</u>	<u>91,185,657</u>	-	-	-
Financial Liabilities					
Other payables	1,484,980	-	-	-	1,484,980
Bank borrowings and overdrafts	687,646	-	-	-	687,646
Amount owing to subsidiary companies	48,980,963	-	-	-	48,980,963
Islamic Securities	30,000,000	-	-	-	30,000,000
Total financial liabilities	<u>81,153,589</u>	-	-	-	<u>81,153,589</u>
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>	-	-	-

47. Financial Instruments (Cont'd)**(a) Classification of financial instruments (cont'd)**

	Carrying amount RM	Loans and receivables RM	Available- for-sale RM	Held-to- maturity RM	Financial liabilities at amortised cost RM
Company 2012					
Financial Liabilities					
Other payables	1,511,516	-	-	-	1,511,516
Bank borrowings and overdrafts	124,486,642	-	-	-	124,486,642
Islamic Securities	75,000,000	-	-	-	75,000,000
Amount owing to subsidiary companies	2,392,201	-	-	-	2,392,201
Total financial liabilities	203,390,359	-	-	-	203,390,359

(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 credit worthy financial institutions.

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.

47. Financial Instruments (Cont'd)

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

(i) Credit risk (Cont'd)

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 10, 11 and 12.

(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.

47. **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						
2013						
Trade payables	318,786,191	318,786,191	199,457,872	50,012,498	54,600,000	14,715,821
Other payables	303,969,447	303,969,447	256,536,875	1,409,597	340,000	45,682,975
Islamic securities	30,000,000	32,464,583	10,844,583	810,000	20,810,000	-
Bank borrowings and overdrafts	348,766,231	409,241,229	69,078,364	127,790,974	175,992,705	36,379,186
Finance lease payables	4,322,521	4,870,592	1,199,929	987,180	1,957,642	725,841
	<u>1,005,844,390</u>	<u>1,069,332,042</u>	<u>537,117,623</u>	<u>181,010,249</u>	<u>253,700,347</u>	<u>97,503,823</u>
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	80,127,500	48,092,500	11,225,000	20,810,000	-
Bank borrowings and overdrafts	351,071,107	419,741,035	161,574,290	116,681,236	136,049,948	5,435,561
Finance lease payables	3,256,711	3,667,161	1,106,340	844,192	1,196,150	520,479
	<u>753,928,453</u>	<u>828,136,331</u>	<u>448,409,911</u>	<u>196,928,011</u>	<u>162,035,969</u>	<u>20,762,440</u>

47. **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						
2013						
Other payables	1,484,980	1,484,980	1,484,980	-	-	-
Islamic securities	30,000,000	32,464,583	10,844,583	810,000	20,810,000	-
Amount owing to subsidiary companies	48,980,963	48,980,963	48,980,963	-	-	-
Bank borrowings and overdrafts	687,646	699,219	699,219	-	-	-
	<u>81,153,589</u>	<u>83,629,745</u>	<u>62,009,745</u>	<u>810,000</u>	<u>20,810,000</u>	<u>-</u>
2012						
Other payables	1,511,516	1,511,516	1,511,516	-	-	-
Islamic securities	75,000,000	80,127,500	48,092,500	11,225,000	20,810,000	-
Amount owing to subsidiary companies	2,392,201	2,392,201	2,392,201	-	-	-
Bank borrowings and overdrafts	124,486,642	144,676,215	80,358,663	46,076,993	18,240,559	-
	<u>203,390,359</u>	<u>228,707,432</u>	<u>132,354,880</u>	<u>57,301,993</u>	<u>39,050,559</u>	<u>-</u>

47. **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"), Euro 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	EURO RM	RMB RM	Total RM
Group					
2013					
Financial Assets					
Trade and other receivables	-	69,467	-	790,437	859,904
Fixed deposits with licensed banks	-	15,197,513	-	54,029,334	69,226,847
Cash and bank balances	36,396	1,204,849	1,237,631	18,327,664	20,806,540
	<u>36,396</u>	<u>16,471,829</u>	<u>1,237,631</u>	<u>73,147,435</u>	<u>90,893,291</u>
Financial Liabilities					
Trade and other payables	233,810	11,422,936	-	144,026,199	155,682,945
Bank borrowings	-	105,600,000	-	-	105,600,000
	<u>233,810</u>	<u>117,022,936</u>	<u>-</u>	<u>144,026,199</u>	<u>261,282,945</u>

47. **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	EURO RM	RMB RM	Total RM
2012					
Financial Assets					
Trade and other receivables	-	1,992,529	-	-	1,992,529
Fixed deposits with licensed banks	-	-	-	354,178	354,178
Cash and bank balances	5,560	23,456	-	38,332	67,348
	<u>5,560</u>	<u>2,015,985</u>	<u>-</u>	<u>392,510</u>	<u>2,414,055</u>
Financial Liabilities					
Trade and other payables	130,045	80,311	-	-	210,356
borrowings	12,230,928	-	-	-	12,230,928
	<u>12,360,973</u>	<u>80,311</u>	<u>-</u>	<u>-</u>	<u>12,441,284</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 taxation and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

Group	USD RM	HKD RM	EURO RM	RMB RM
2013				
Profit before taxation	<u>19,741</u>	<u>10,055,111</u>	<u>123,763</u>	<u>7,087,876</u>
2012				
Profit before taxation	<u>(1,235,541)</u>	<u>193,567</u>	<u>-</u>	<u>39,251</u>

A 10% weakening of Ringgit Malaysia against the above foreign currencies 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.

47. 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 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.

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:

	2013	2012
	RM	RM
Group		
Financial Assets		
Fixed deposits with licensed banks	152,756,932	40,203,331
Cash Held under Housing Development Accounts	57,977,521	36,936,008
	<u>210,734,453</u>	<u>77,139,339</u>
Financial Liability		
Bank borrowings and bank overdrafts	<u>348,766,231</u>	<u>351,071,107</u>
Company		
Financial Assets		
Fixed deposits with licensed banks	<u>24,486,520</u>	<u>38,645,711</u>
Financial Liability		
Bank borrowings and bank overdrafts	<u>687,646</u>	<u>124,486,642</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.

47. 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 taxation by RM1,380,318 and RM237,989 (2012: RM2,739,318 and RM858,409) respectively. 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 value measurement hierarchies used to measure financial instruments at fair value in the statements of financial position are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

47. Financial Instruments (Cont'd)**(c) Fair value of financial instruments (Cont'd)**

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Group				
Financial assets				
2013				
Transferrable corporate club memberships	-	-	1,248,500	1,248,500
Equity securities	137,200,601	-	-	137,200,601
	<u>137,200,601</u>	<u>-</u>	<u>1,248,500</u>	<u>138,449,101</u>
2012				
Transferrable corporate club memberships	-	-	1,253,500	1,253,500
	<u>-</u>	<u>-</u>	<u>1,253,500</u>	<u>1,253,500</u>

During the financial year ended 31 December 2013, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements. The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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.

- (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.

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

(c) Fair value of financial instruments (cont'd)

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:

	2013		2012	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial Assets				
Other investments	138,449,101	*	1,253,500	*
Financial Liabilities				
Trade payables	119,328,319	119,328,319	27,543,768	27,543,768
Other payables	47,432,572	47,432,572	59,420,085	59,420,085
Finance lease payables	3,303,044	2,998,985	2,293,307	2,070,127
Islamic securities	30,000,000	28,102,924	75,000,000	69,190,777
Contingent liabilities	13,241,265	@	12,639,823	@
Company				
Financial Liabilities				
Islamic securities	30,000,000	28,102,924	75,000,000	69,190,777
Contingent liabilities	424,336,498	@	193,767,392	@

@ 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.

48. Capital Management

The Group's 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 shareholders' 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 and 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 0.44 and 0.08 (2012: 0.96 and 0.67) respectively.

There were no changes in the Group's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements except for the Company is subject to debt covenants as disclosed in Notes 28 and 29.

49. Significant Events

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

LBS Bina Holdings Sdn. Bhd. ("LBS")

- (a) On 28 January 2013, LBS has acquired additional 20 ordinary shares of RM1.00 each in Dataran Enigma Sdn. Bhd. ("DESB"), for a total cash consideration of RM20. Consequently, DESB became a 50% associate company of LBS.
- (b) On 18 March 2013, LBS has acquired additional 52,500 ordinary shares of RM1.00 each representing 21% equity interest in Wirama Era Baru Sdn. Bhd. ("WEBSB"), for a total cash consideration of RM52,500. Consequently, WEBSB became a 51% subsidiary of LBS.
- (c) On 3 April 2013, LBS has acquired additional 1 ordinary shares of RM1.00 each in DESB for a total cash consideration of RM1. Consequently, DESB became a 51% subsidiary of LBS.
- (d) On 12 April 2013, LBS has disposed of its 30,000 ordinary shares of RM1.00 each representing 30% equity interest in LBS Maju Sdn. Bhd. ("LMSB"), for a total cash consideration of RM30,000. Consequently, LBS's shareholding in LMSB has reduced from 100% to 70%.

49. Significant Events (Cont'd)

- (e) On 13 May 2013, Pelangi Homes Sdn. Bhd. ("PHSB"), has increased its paid up share capital from 2,500,100 to 2,700,100 ordinary shares of RM1.00 each. LBS has subscribed all its shareholding in PHSB by way of capitalisation.
- (f) On 1 July 2013, a total of 8,078,050 Shares Options under Employees' Share Option Scheme ("ESOS") were granted at the subscription price of RM1.081 to the eligible employees under the Second Grant of the ESOS.
- (g) On 22 July 2013, LBS has subscribed 300,000 ordinary shares of RM1.00 each in Setara Armada Sdn. Bhd. ("SASB"), a company incorporated in Malaysia for a total cash consideration of RM300,000. Consequently, SASB became a 30% associate company of LBS.
- (h) On 1 August 2013, a total of 453,700 Shares Options under ESOS were granted at the subscription price of RM1.218 to the eligible employees under the Third Grant of the ESOS.
- (i) On 12 August 2013, all conditions precedent and conditions for completion applicable in respect of the sale and purchase agreement dated 10 April 2013 ("SPA") for the disposal of entire issued and paid-up share capital of Lamdeal Consolidated Development Limited ("LCDL") and Lamdeal Golf & Country Club Limited ("LGCCL") by Dragon Hill Corporation Limited, an indirect wholly-owned subsidiary of the Company for an aggregate sale consideration of HKD1,650 million have been fulfilled and obtained or waived in accordance with the terms and conditions of the SPA. Consequently, LCDL and LGCCL together with its subsidiaries have ceased to be subsidiaries of the Group.
- (j) On 21 August 2013, LBS has subscribed 6 ordinary shares of RM1.00 each in Koleksi Sigma Sdn. Bhd. ("KSSB"), for a total cash consideration of RM6. Consequently, KSSB became a 60% subsidiary of LBS.
- (k) On 22 August 2013, KSSB, a 60% subsidiary company of LBS has increased its paid up share capital from 10 to 100,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional of 59,994 ordinary shares of RM1.00 each in KSSB by way of cash. KSSB remained as 60% subsidiary of LBS.
- (l) On 26 August 2013, Kalimah Jaya Sdn. Bhd. ("KJSB"), a wholly owned subsidiary of LBS has acquired 95,000 ordinary shares of RM1.00 each in Utuh Sejagat Sdn. Bhd. ("USSB"), a company incorporated in Malaysia for a total cash consideration of RM10,640,000. Consequently, KJSB became a wholly-owned subsidiary of USSB.
- (m) On 27 August 2013, Utuh Sejagat Sdn. Bhd. ("USSB"), a wholly-owned subsidiary of KJSB has increased its paid up share capital from 500,000 to 6,500,000 ordinary shares of RM1.00 each. KJSB has subscribed all its shareholding in KJSB by way of cash.

49. Significant Events (Cont'd)

- (n) On 1 September 2013, LBS has acquired additional 30,000 ordinary share of RM1.00 each in Getstyle Sdn. Bhd. (formerly known as Intelstyle Sdn. Bhd.) (“GSB”), for a total cash consideration of RM1,800,000. Consequently, GSB became a wholly-owned subsidiary of LBS.
- (o) On 1 September 2013, a total of 275,250 shares options under ESOS were granted at the subscription price of RM1.455 to the eligible employees under the Fourth Grant of the ESOS.
- (p) On 4 September 2013, Wirama Era Baru Sdn. Bhd. (“WEBSB”), a 51% subsidiary of the LBS has increased its paid up share capital from 250,000 to 500,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional of 127,500 ordinary shares of RM1.00 each in WEBSB by way of cash. WEBSB remained as 51% subsidiary company of LBS.
- (q) On 11 September 2013, LBS has acquired 20,000 ordinary shares of RM1.00 each in Pembangunan Primer Sdn. Bhd. (“PPSB”), for a total cash consideration of RM1.00. Consequently, PSPB’s shareholding in LBS has increased from 51% to 55%.
- (r) On 23 September 2013, LBS has acquired additional 10 ordinary share of RM1.00 each in DESB, a company incorporated in Malaysia for a total cash consideration of RM2,000,000. Consequently, DESB became a 61% subsidiary of LBS.
- (s) On 23 September 2013, Dragon Hill Corporation Limited (“DHCL”), a wholly-owned subsidiary of the Intellplace Holdings Limited (“IHL”) which in turn a wholly-owned subsidiary of LBS Bina Group Berhad, has increased its issued and paid up share capital from HKD15,000,000 to HKD50,000,000 ordinary shares of HKD1.00 each by the creation of additional 35,000,000 ordinary shares of HKD1.00 each. IHL has subscribed all its shareholding in DHCL by way of capitalization.
- (t) On 1 October 2013, a total of 400,200 Shares Options under ESOS were granted at the subscription price of RM1.693 to the eligible employees under the Fifth Grant of the ESOS.
- (u) On 2 October 2013, Dragon Hill Corporation Limited, a wholly-owned subsidiary of Intellplace Holdings Limited which in turn a wholly-owned subsidiary of the Company, has exercised its option to acquire 2,200,000 ordinary shares of HKD1.00 each in Lamdeal Investment Limited (“LIL”), a company incorporated in Hong Kong for a total cash consideration of USD1.00 only. Consequently, LIL became a wholly-owned subsidiary of DHCL and accordingly LIL’s subsidiaries became subsidiaries of DHCL.

49. Significant Events (Cont'd)

- (v) On 1 November 2013, a total of 194,500 Shares Options under ESOS were granted at the subscription price of RM1.609 to the eligible employees under the Sixth Grant of the ESOS.
- (w) On 1 December 2013, a total of 121,400 Shares Options under ESOS were granted at the subscription price of RM1.500 to the eligible employees under the Seventh Grant of the ESOS.
- (x) On 5 December 2013, MITC Sdn. Bhd. ("MITC"), an indirectly wholly-owned subsidiary of the Company has acquired 105,000 ordinary shares of RM1.00 each in MITC Engineering Sdn. Bhd. ("MITCE"), for a total cash consideration of RM8,300,000. Consequently, MITC's shareholding in MITCE has increased from 51% to 65%.

50. Subsequent Events

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

- (a) On 1 January 2014, a total of 257,450 Shares Options under ESOS were granted at the subscription price of RM1.430 to the eligible employees under the Eighth Grant of the ESOS.
- (b) On 1 February 2014, a total of 162,300 Shares Options under ESOS were granted at the subscription price of RM1.350 to the eligible employees under the Ninth Grant of the ESOS.
- (c) On 17 February 2014, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has approved the participation of the Company in the Regularisation Plan of VTI Vintage Berhad ("VVB") to subscribe the following interests in VVB for a total consideration of up to RM13,435.323 pursuant to VVB's amended Proposed Regularisation Plan approved by Bursa Securities :-
 - (i) 8,000,000 new ordinary shares of RM0.50 each in VVB at an issue price of RM0.50 each pursuant to VVB's Proposed Private Placement (equivalent to RM4,000,000);
 - (ii) 8,000,000 new ordinary shares of RM0.50 each in VVB at an issue price of RM0.50 together with warrants on the basis of 1 warrant for every 2 rights shares held pursuant to VVB's Proposed Rights Issue with Warrants (equivalent to RM4,000,000); and

50. Subsequent Events (Cont'd)

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies: (Cont'd)

- (iii) Undertake to the subscription of up to 10,870,646 unsubscribed rights shares pursuant to VVB's Proposed Rights Issue with Warrants (equivalent up to RM5,435,323).

(hereinafter collectively referred to as the "Proposed Subscription").

The Proposed Subscription is conditional upon all relevant approvals being obtained by VVB as announced by VVB on 17 February 2014.

- (d) On 1 March 2014, a total of 706,450 Shares Options under ESOS were granted at the subscription price of RM1.550 to the eligible employees under the Tenth Grant of the ESOS.
- (e) On 1 April 2014, a total of 132,550 Shares Options under ESOS were granted at the subscription price of RM1.550 to the eligible employees under the Eleventh Grant of the ESOS.
- (f) On 16 April 2013, PHSB, has increased its paid up share capital from 2,700,100 to 12,000,000 ordinary shares of RM1.00 each. LBS has subscribed for an additional of 9,299,900 ordinary shares of RM1.00 each in PHSB by way of capitalization.
- (g) On 24 April 2014, MITCE, a 65% subsidiary of MITC, an indirectly wholly-owned subsidiary of the Company has increased its paid-up share capital from 750,000 to 1,000,000 ordinary shares of RM1.00 each. MITC has subscribed for 162,500 ordinary shares of RM1.00 each in MITCE. MITCE remained as 65% subsidiary of MITC.
- (h) On 24 April 2014 the Company has resolved to fix the issue price for the first tranche of the Private Placement comprising 20,000,000 Placement Shares, representing approximately 4.2% of the issued and paid-up share capital of the Group (excluding treasury shares), at RM1.70 per Placement Share.

51. Material Litigation

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

52. **List of Subsidiary Companies**

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
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
Saga Serata Sdn. Bhd.	Malaysia	100	100	Insurance agent
SPJ Construction Sdn. Bhd.	Malaysia	60	60	Temporary cessation of business operations

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

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
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	58	Property development
Cergas Asal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Dataran Enigma Sdn. Bhd.	Malaysia	61	-	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	100	Property development

52. List of Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
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
Getstyle Sdn. Bhd. (formerly known as Intelstyle Sdn. Bhd.)	Malaysia	100	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
Koleksi Sigma Sdn. Bhd.	Malaysia	60	-	Property development
LBS Capital Sdn. Bhd.	Malaysia	100	100	Temporary cessation of business operations
LBS Maju Sdn. Bhd.	Malaysia	70	100	Property development
LBS Properties Sdn. Bhd.	Malaysia	100	100	Property management and investment holding
Maju Kamabisa Sdn. Bhd.	Malaysia	100	100	Property development

52. List of Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
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	55	51	Dormant
Prima Utuh Sdn. Bhd.	Malaysia	80	80	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

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

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
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	100	Property development
Wirama Era Baru Sdn. Bhd.	Malaysia	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
Lingkar 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 companies of MITC Sdn. Bhd. :				
MITC Engineering Sdn. Bhd.	Malaysia	65	51	Civil engineering, design & build, property development and trading
Prisma Kasturi Sdn. Bhd.	Malaysia	51	51	Dormant

52. List of Subsidiary Companies (Cont'd)

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
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	Project investment through a subsidiary company in PRC
* Lamdeal Golf & Country Club Limited	Hong Kong	-	100	Project investment through a subsidiary company in PRC
* Lamdeal Investments Limited	Hong Kong	100	-	Project investment through a subsidiary in PRC
Subsidiary company of Lamdeal Consolidated Development Limited:				
* Zhuhai International Circuit Consolidated Development Limited	PRC	-	@	Property development
Subsidiary of Zhuhai International Circuit Consolidated Development Limited:				
* Zhuhai International Circuit Consolidated Development (HK) Limited	Hong Kong	-	100	Dormant

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

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
Indirect holding				
Subsidiary company of Lamdeal Golf & Country Club Limited :				
* Zhuhai International Circuit Golf & Country Club Limited	PRC	-	#	Golf club development and operating
Subsidiary company of Zhuhai International Circuit Golf & Country Club Limited:				
* Lakewood Golf & Country Club (HK) Limited	Hong Kong	-	100	Providing handling services
Subsidiary company of Lamdeal Investments Limited				
* Zhuhai International Circuit Limited	PRC	60	-	Racing circuit development and management
Subsidiary company of Zhuhai International Circuit Limited				
* Zhuhai International Circuit Promotion (HK) Limited	Hong Kong	100	-	Providing handling services for its holding company
Subsidiary company of Saga Serata Sdn. Bhd. :				
HealthGuard Medicare Sdn. Bhd.	Malaysia	60	60	Selling of membership cards covering personal insurance

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

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
Indirect holding				
Subsidiary company of				
Kalimah Jaya Sdn. Bhd. :				
Utuh Sejagat Sdn. Bhd.	Malaysia	100	81	Property development

* Subsidiary companies not audited by UHY.

@ 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 ("ZICCDL"), for the development of properties. ZICCDL 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 ZICCDL.

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.

The entire equity interest of LCDL sub-group was sold to a third party during the financial year.

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 ("ZICGCCL"), for the development of a golf in Zhuhai. ZICGCCL 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 ZICGCCL.

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

The entire equity interest of LGCCL sub-group was sold to a third party during the financial year.

53. List of Associate Companies

Name of company	Country of incorporation	Effective interest		Principal activities
		2013	2012	
		%	%	
Bayu Cergas Sdn. Bhd.	Malaysia	40	40	Dormant
# Dataran Enigma Sdn. Bhd.	Malaysia	-	30	Dormant
Iringan Kejora Sdn. Bhd.	Malaysia	30	30	Dormant
Pristine Sunrise (M) Sdn. Bhd.	Malaysia	30	30	Dormant
Sambungan Aktif Sdn. Bhd.	Malaysia	30	30	Dormant
Setara Armada Sdn. Bhd.	Malaysia	30	-	Dormant
Tarikan Puncak Sdn. Bhd.	Malaysia	40	40	Dormant
* Usaha Semarak Sdn. Bhd.	Malaysia	35	35	Property development
Warnasari Idaman Sdn. Bhd.	Malaysia	30	30	Dormant
# Wirama Era Baru Sdn. Bhd.	Malaysia	-	30	Dormant

* Associate company not audited by UHY.

Became subsidiary companies during the financial year

54. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2014.

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 2013 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 2013 is analysed as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Retained Profits/ (Accumulated Losses)				
- Realised	698,834,816	232,000,911	(105,143,107)	(117,666,285)
- Unrealised	<u>(1,375,775)</u>	<u>(23,943,331)</u>	<u>(10,219)</u>	<u>-</u>
	697,459,041	208,057,580	(105,153,326)	(117,666,285)
Total share of accumulated losses from associate companies				
- Realised	<u>(287,813)</u>	<u>(575,735)</u>	<u>-</u>	<u>-</u>
	697,171,228	207,481,845	(105,153,326)	(117,666,285)
Less: Consolidation adjustments	<u>(281,323,638)</u>	<u>(140,187,169)</u>	<u>-</u>	<u>-</u>
	<u>415,847,590</u>	<u>67,294,676</u>	<u>(105,153,326)</u>	<u>(117,666,285)</u>

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.