# Global Oriental Berhad

**Global Oriental Berhad**
(formerly known as Equine Capital Berhad)
(Company No. 543867-T)

annual report **2013**

On the cover, the dandelion symbolises the Group's aspiration to diversify into other strategic growth areas while people from all walks of life are also featured to emphasise that customers are our top priority. Overall, the sheer magnitude of the dispersing seeds signifies the Group's new beginnings, determination and positive growth to ensure continued success.

# CONTENTS

# our vision

Our vision is to create space and value, which fulfills the needs and exceeds the expectations of all STAKEHOLDERS.

To provide affordable, efficient, comfortable living and work space that enables users to achieve high living standards in an ecologically balanced environment.

# our mission

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**YAM Datuk Seri Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah**
*(Independent Non-Executive Chairman)*

**Othman bin Mohammad**
*(Executive Director)*

**Wee Beng Aun**
*(Executive Director)*

**Ta Wee Dher**
*(Executive Director)*

**Datuk Ahmad Zabri bin Ibrahim**
*(Independent Non-Executive Director)*

**Dato' Hamzah bin Md Rus**
*(Independent Non-Executive Director)*

**Wong Yuk Mou**
*(Independent Non-Executive Director)*

## AUDIT COMMITTEE

**Wong Yuk Mou**
*(Chairman)*

**Datuk Ahmad Zabri bin Ibrahim**
*(Member)*

**Dato' Hamzah bin Md Rus**
*(Member)*

## NOMINATION COMMITTEE

**YAM Datuk Seri Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah**
*(Chairman)*

**Datuk Ahmad Zabri bin Ibrahim**
*(Member)*

**Dato' Hamzah bin Md Rus**
*(Member)*

## RISK MANAGEMENT COMMITTEE

**Wong Yuk Mou**
*(Chairman)*

**Dato' Hamzah bin Md Rus**
*(Member)*

**Wee Beng Aun**
*(Member)*

**Ranjeet Singh A/L Sarjit Singh**
*(Member)*

## COMPANY SECRETARY

Chin Pei Fung
(MAICSA 7029712)

## AUDITORS

Deloitte KassimChan (AF: 0080)
Level 19, Uptown 1
Damansara Uptown
No. 1, Jalan SS21/58
47400 Petaling Jaya
Selangor Darul Ehsan

Tel : (603) 7723 6500
Fax : (603) 7726 3986

## SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : (603) 7841 8000
Fax : (603) 7841 8151

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 1, Jalan Putra Permai 1A
Taman Equine
43300 Seri Kembangan
Selangor Darul Ehsan

Tel : (603) 8941 7878
Fax : (603) 8941 1818

Email : gob@gob.com.my
Web : www.gob.com.my

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Properties Sector, Stock Code : 1147)
(Listed since 28 October 2003)

# THE GROUP AT A GLANCE

## GLOBAL ORIENTAL BERHAD

(formerly known as Equine Capital Berhad)

- 100% Exceed Concept Sdn Bhd
- 100% Equine Park Stud Sdn Bhd
- 100% Kuala Lumpur Industries Bhd
- 100% Kuala Lumpur Industries Holdings Bhd
- 100% Kelab Taman Equine Sdn Bhd
- 100% Penaga Pesona Sdn Bhd
- 100% Syarikat Tenaga Sahabat Sdn Bhd
- 100% Taman Equine Riding Sdn Bhd
- 100% Taman Equine (M) Sdn Bhd
    - 100% Parkamaya Sdn Bhd (formerly known as ER Concepts Sdn Bhd)
    - 100% Equine Park Country Resort Sdn Bhd
    - 100% Pertanian Taman Equine Sdn Bhd
    - 100% Permai Construction Sdn Bhd
    - 100% Pedoman Ikhtisas Sdn Bhd
    - 100% Taman Equine Industrial Sdn Bhd
    - 100% Tujuan Ehsan Sdn Bhd
- 100% Versatile Flagship Sdn Bhd
    - 100% Bright Express Sdn Bhd
    - 100% Champion Vista Sdn Bhd
    - 100% Dekad Sinaran Sdn Bhd
    - 100% Fame Action Sdn Bhd
    - 100% Modern Treasures Sdn Bhd
    - 100% Prima Pengkalan Sdn Bhd
    - 100% Vista Versatile Sdn Bhd

# BOARD OF DIRECTORS

*from left to right*

**Dato' Hamzah bin Md Rus** *Independent Non-Executive Director* • **Datuk Ahmad Zabri bin Ibrahim** *Independent Non-Executive Director* • **Othman bin Mohammad** *Executive Director*

*from left to right*

**YAM Datuk Seri Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah** *Independent Non-Executive Chairman* • **Ta Wee Dher** *Executive Director* • **Wong Yuk Mou** *Independent Non-Executive Director* • **Wee Beng Aun** *Executive Director*

# PROFILE OF DIRECTORS

**YAM Datuk Seri Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah**
*Independent Non-Executive Chairman*

YAM Datuk Seri Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah, a Malaysian aged 58, was appointed the Independent Non-Executive Director of Global Oriental Berhad ("GOB") on 26 August 2003 and was subsequently re-designated as the Independent Non-Executive Chairman on 10 October 2008. He is also the Chairman of the Nomination Committee of GOB.

He completed his Diploma in Business Administration from Universiti Teknologi MARA in 1974. He started his career in Charles Bradburne (1930) Sdn Bhd as a broker from 1974 to 1981. He was a Director of TTDI Development Sdn Bhd from 1978 to 2000 and a Director of Sime UEP Berhad from 1983 to 1987. He was also the Chairman of Sime Darby Medical Centre from 1987 to 2013. Presently, he is a Director of Sime Darby Property Berhad, DutaLand Berhad, Melewar Industrial Group Berhad and Wawasan TKH Holdings Berhad. He also sits on the Board of Directors of several private limited companies involved in property development.

He has no family relationship with any other director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years. He attended all the meetings of the Board of Directors held during the financial year.

# PROFILE OF DIRECTORS

**Othman bin Mohammad**
*Executive Director*

**Wee Beng Aun**
*Executive Director*

Othman bin Mohammad, a Malaysian aged 57, was appointed the Executive Director of GOB on 10 October 2008.

He obtained a Bachelor of Science (Hons.) in Civil Engineering from the University of Southampton, United Kingdom in 1980. He is a registered Professional Engineer of the Institute of Engineers, Malaysia as well as an Associate Member of the Institution of Civil Engineers, United Kingdom. He was involved in civil engineering, construction and property development for over 30 years in various companies.

He is a substantial shareholder of GOB with indirect interest of 12.05%. He is the brother-in-law of Dato' Hamzah bin Md Rus, the Independent Non-Executive Director of GOB. Save as disclosed, he has no family relationship with any other director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years. He attended all the meetings of the Board of Directors held during the financial year.

Wee Beng Aun, a Malaysian aged 54, was appointed the Executive Director of GOB on 1 July 2010. He is also a Member of the Risk Management Committee of GOB.

He obtained a Bachelor of Civil Engineering from the University of Melbourne, Australia. He has more than 28 years of working experience in civil engineering, building construction and property development. He held various senior management positions in companies in Malaysia and prior to joining the Group, he was the Managing Director of a subsidiary of a public listed company in Malaysia. During his tenure with these companies, he had been involved in the development and construction of several prestigious projects such as The Pavilion Kuala Lumpur's mega integrated urban commercial, shopping, entertainment centre with luxury residential towers, The Pearl @ KL City Centre high-end condominiums, and mixed development of Bukit Rimau township in Shah Alam, Selangor Darul Ehsan.

He has no family relationship with any other director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years. He attended all the meetings of the Board of Directors held during the financial year.

# PROFILE OF DIRECTORS

**Ta Wee Dher**
*Executive Director*

**Datuk Ahmad Zabri bin Ibrahim**
*Independent Non-Executive Director*

Ta Wee Dher, a Malaysian aged 24, was appointed the Executive Director of GOB on 3 December 2012.

He obtained a Bachelor of Accounting from Curtin University, Australia. He has working experience in businesses involved in glass and aluminium, property development and hospitality. Prior to joining the Group, he was the head of Finance and Construction divisions of a renowned company dealing in property development, hospitality and construction.

He has no family relationship with any other director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years. He attended one out of six meetings of the Board of Directors held during the financial year as he was appointed to the Board on 3 December 2012.

Datuk Ahmad Zabri bin Ibrahim, a Malaysian aged 70, was appointed the Non-Independent Non-Executive Director of GOB on 26 August 2003 and was subsequently re-designated as Independent Non-Executive Director on 10 October 2008. He is also a Member of the Audit Committee and Nomination Committee of GOB.

He obtained a Bachelor of Arts (Hons.) in History from the University of Malaya, Kuala Lumpur in 1966, a Diploma in Development Administration from the University of Birmingham, United Kingdom in 1972 and a Masters in Public Administration from the University of Southern California, U.S.A. in 1979. He also obtained a Certificate in Advanced Management Programme from the Harvard Business School, Harvard University, U.S.A. in 1996.

He started his career in the Malaysian Administrative and Diplomatic Service in 1966 and as an Assistant Secretary in the Ministry of Education until 1971. He served in the Public Service Department from 1972 to 1973 as the Principal Assistant Director (Establishment Division). In 1973, he joined the National Institute of Public Administration (INTAN), as the Head of Research Unit and became the Deputy Director (Academic) and later as the Deputy Director (Management) until 1983. In 1983, he was seconded to the Institute of Strategic and International Studies (ISIS) as Company Secretary/Deputy Director General (Management) until May 1987. He served in the Chief Minister's Department, Sabah as a Director of Development from 1987 to 1990. He was the Secretary General in the Ministry of Youth and Sports Malaysia from 1990 to 1991, the State Secretary of Selangor from 1991 to 1993 and the Secretary General, Ministry of Agriculture, Malaysia from 1993 until his retirement in 1997.

He was the Chairman of Bank Pembangunan Malaysia from 1997 to 1999 and the Chairman of Oriental Bank Berhad from 1999 to 2000 and Independent Non-Executive Director of BERNAS from 1997 till September, 2003.

He has no family relationship with any other director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years. He attended all the meetings of the Board of Directors and the Audit Committee held during the financial year.

# PROFILE OF DIRECTORS

**Dato' Hamzah bin Md Rus**
*Independent Non-Executive Director*

Dato' Hamzah bin Md Rus, a Malaysian aged 63, was appointed the Independent Non-Executive Director of GOB on 10 April 2008. He is also a Member of the Audit Committee, Nomination Committee and Risk Management Committee of GOB.

He obtained his Bachelor of Arts (Hons) Degree from the University of Malaya and a Professional Diploma in Purchasing and Supply Management from the University of North London. He has served the Government of Malaysia throughout his career (1974 – 2006) in various Ministries. He has held various positions, headed many working groups and represented the Government of Malaysia on many international, regional and bilateral meetings and forums. His last position in the Government was the Deputy Secretary General, Ministry of Internal Security. For his dedication and commitment throughout his career, he was awarded with several service excellence awards and was also conferred with several Federal and State Awards.

He is the brother-in-law of the Executive Director, Othman bin Mohammad. Save as disclosed, he has no family relationship with any other director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years. He attended all of the meetings of the Board of Directors and the Audit Committee held during the financial year.

**Wong Yuk Mou**
*Independent Non-Executive Director*

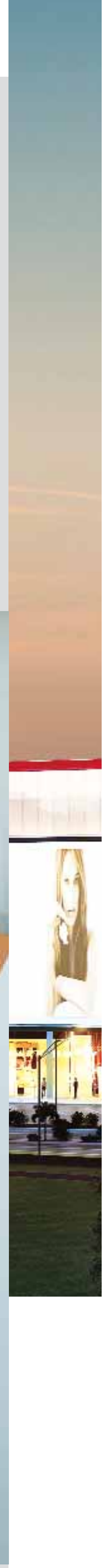
Wong Yuk Mou, a Malaysian aged 58, was appointed the Independent Non-Executive Director of GOB on 23 November 2009. He is also the Chairman of the Audit Committee and Risk Management Committee of GOB.

He is a Chartered Accountant and a Member of the Malaysian Institute of Accountants, a Member of the Chartered Tax Institute of Malaysia, a Fellow of the Association of Chartered Certified Accountants (FCCA, UK) and holder of a Post Graduate Diploma in Islamic Banking and Finance (IIUM). In 2011, he was admitted as a member of the Institute of Internal Auditors Malaysia under Chartered Audit Committee Director (CACD).

He has extensive working experiences in audit and banking industry. He started his career in public accounting firms and subsequently held various managerial positions in the banking sector in Malaysia. Prior to his retirement in 2008, he was the Head of Group Retail Banking of a local bank in Malaysia.

He has no family relationship with any other director or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years. He attended all the meetings of the Board of Directors and the Audit Committee held during the financial year.

*Springville*



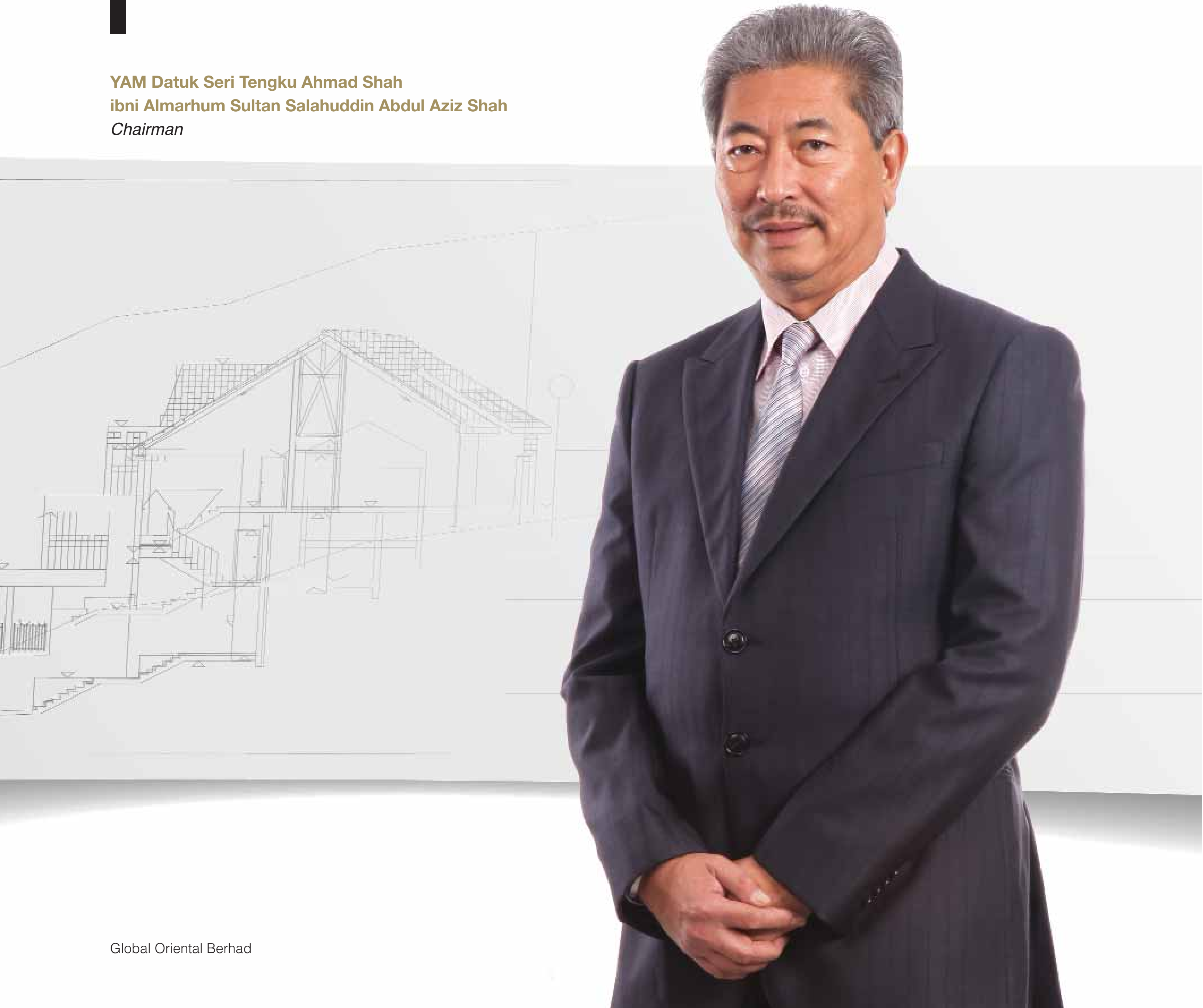

da:men

# CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I have great pleasure in presenting the Annual Report and the Financial Statements of the Group and Company for the financial year ended 31 March 2013.

**YAM Datuk Seri Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah**
*Chairman*



# CHAIRMAN'S STATEMENT

## Market Overview

Global economic growth moderated in 2012 amid a more challenging environment. Growth in the advanced economies was relatively uneven with US economy gradually recovering at a modest pace while most European economies experienced recession and widespread decline in economic activities. The weakened economic conditions in the advanced economies affected international trade and in turn affected external demand and domestic economic activity in the emerging economies.

Despite the weak external environment, the Malaysian economy recorded a higher growth of 5.6% in 2012 (2011: 5.1%). The growth was driven by strong domestic demand which outweighed the negative impact from weak external environment underpinned by higher consumption and investment spending. On local property sector, the government has undertaken various cooling measures to curb property speculative activities in the market such as the introduction of responsible lending guidelines where bank loans are offered based on net income and the upward revision of real property gains tax.

## Financial Review

For the financial year under review, the Group's revenue decreased slightly by 2.2% to RM271.5 million against previous financial year of RM277.5 million. Revenue was contributed mainly from our on-going development projects such as Villa Heights, EQuator and Equine Boulevard in Seri Kembangan, Callisia in Batu Kawan, Penang and da:men in USJ, Subang Jaya. Despite the slight reduction in revenue, the Group achieved a commendable Profit Before Tax ("PBT") of RM42.9 million, representing a 19.5% increase over RM35.9 million PBT as registered in previous financial year. The significant increase in PBT was mainly due to contribution from higher margin products and encouraging sales take-up rates achieved by the abovementioned on-going development projects. However, the Group's Profit After Tax ("PAT") decreased by 5.0% to RM30.5 million against previous financial year of RM32.1 million due to higher income tax expenses recognised for the current financial year. Income tax expenses were lower in previous financial year mainly due to the utilisation of previously unrecognised deferred tax assets in our subsidiary companies.

# CHAIRMAN'S STATEMENT

As of 31 March 2013, the Group's total equity value attributable to equity holders of the Company has increased from RM222.0 million as registered in previous financial year on 31 March 2012 to RM252.5 million while net assets value per share has risen from RM0.98 per share to RM1.11 per share. The Group is confident in maintaining this favourable trend in the foreseeable future.


## Corporate Developments

On 3 September 2012, the Company changed its name from "Equine Capital Berhad" to "Global Oriental Berhad"("GOB"). The change of name signifies the Group's aspiration to move beyond its existing development projects in its existing land bank in Seri Kembangan to other strategic growth areas in the country and also to diversify its revenue stream.

On 3 May 2013, Pedoman Ikhtisas Sdn Bhd, a wholly-owned subsidiary company and GOB had entered into a Joint Development Agreement with Lembaga Getah Malaysia for the development of two parcels of freehold land held under Geran 20541 and Geran 13473, Lot 211 and Lot 5 respectively, Seksyen 88A, situated in Bandar and Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring a total area of approximately 23,271.791 square metres (5.748 acres). The proposed mixed development project with an estimated gross development value of RM860 million will mark the Group's first foray into Kuala Lumpur City Centre.

## Outlook and Prospects

Despite the challenging international economic environment, global growth outlook is expected to improve as financial and policy risks have receded. The pace of recovery in the advanced economies is expected to be slow while the euro area would largely remain in recession. However, the outlook for the emerging economies is more favourable and well supported by domestic demand in spite of the vulnerable external environment.

# CHAIRMAN'S STATEMENT

The Malaysian economy is expected to grow at a steady pace of 5% to 6% which continues to be supported by key driver of growth in domestic demand and gradual improvement in the external sector. Despite further cooling measures recently introduced by Bank Negara Malaysia to contain excessive household indebtedness and to reinforce responsible lending practices, the property sector is expected to remain relatively stable. This is generally cushioned by various favourable factors such as positive population growth cycle, rapid urbanisation, consistent gross domestic product growth and catalytic developments such as the construction of Mass Rapid Transit ("MRT"), Light Rail Transit ("LRT") extension and the implementation of Economic Transformation Programme ("ETP").

Our development projects in the Klang Valley would be fuelled by the growing network of highways and infrastructure projects such as the Kinrara-Damansara Expressway ("Kidex") and Serdang-Kinrara-Putrajaya Expressway ("SKIP") which would be connected to our Taman Equine developments before ending in Putrajaya. The LRT Kelana Jaya extension line in Subang Jaya is only a stone throw away from our da:men integrated development project. Better connectivity would provide the working population with more choices of affordable life-style living in the outskirts of the city besides enhancing housing demand in these areas.

In Penang, with the imminent completion of the Second Penang Bridge, our development projects in Batu Kawan are poised to contribute significantly to the Group in the coming years.

In line with our expansion plan, the Group would continuously source for new strategic development land and joint venture opportunities. For financial year 2014, the Group has planned several new launches comprising 504 units of service apartments, 83 units of semi-detached and bungalow houses and 104 units of shop offices in Taman Equine as well as 271 units of double storey terrace houses and 64 units of semi-detached houses in Batu Kawan, Penang.

The Group would continue to practise prudent management in its business activities. Barring any unforeseen circumstances, the Group is confident of maintaining its performance in the coming financial year.

*Springville*

# CHAIRMAN'S STATEMENT

## Appreciation

On behalf of the Board, I would like to express our sincere appreciation to the management team and staff who are integral to the Group's success for their unwavering commitment and dedication and to our valued customers, bankers, business associates, regulatory authorities and shareholders for their continuing support and confidence in the Group.

I would also like to take this opportunity to extend a warm welcome to Mr. Ta Wee Dher who was appointed to the Board on 3 December 2012. Last but not least, to all my fellow Board members, I thank you for your invaluable continuing guidance and support.

On behalf of the Board,

**Global Oriental Berhad**
(formerly known as Equine Capital Berhad)

**YAM Datuk Seri Tengku Ahmad Shah**
**ibni Almarhum Sultan Salahuddin Abdul Aziz Shah**
Chairman

17 July 2013

# REVIEW OF OPERATIONS

During the financial year under review, the Group's revenue and profitability were mainly contributed from the Group's core business activity in property development. Our developments are located mainly in the growth areas of Klang Valley and Penang. In Klang Valley, the Group has five on-going commercial and residential developments in Seri Kembangan and an integrated development with retail shopping mall in USJ, Subang Jaya. While in the state of Penang, the Group has a residential development in Batu Kawan.

# SERI KEMBANGAN

*Villa Heights*

Taman Equine, Putra Permai and Pusat Bandar Putra Permai respectively are the Group's landmark township development projects in Seri Kembangan which has begun in the 1990s. These developments spanning over 789 acres of leasehold land in Seri Kembangan are strategically connected to the Damansara-Puchong Expressway, Bukit Jalil Highway, South Klang Valley Expressway and Seremban Highway. The proposed interchange of Maju Expressway ("MEX") which links Jalan Putra Permai to MEX is expected to further enhance the connectivity of our developments in Seri Kembangan and would substantially reduce travelling time and distance to Kuala Lumpur City Centre.

Over the years, our developments have progressively matured into established townships with various amenities such as a shopping mall, an international school, petrol stations, banks, fast food restaurants and Pasar Borong Selangor.

The commercial and residential developments undertaken by the Group in Seri Kembangan during the financial year are as follows:

**i) Equine Boulevard**

This commercial development comprising 118 units of 3 and 4-storey shop offices with a total Gross Development Value ("GDV") of RM170 million is strategically located at the commercial prime area in Taman Equine and spreads over a land area of approximately 13 acres.

With the ease of accessibility from Jalan Putra Permai, this project received immediate good response and achieved 100% sales upon its launch. The project was completed and handed over to the purchasers. With its prime location and close proximity to the proposed interchange of MEX, the value of the shop offices have appreciated significantly since its launch.

**ii) EQuator**

EQuator is a joint venture development project located at the 16-acre land formerly used for equestrian activities in Taman Equine. This joint development project comprises 74 units of 2-storey shop offices, 59 units of 3-storey shop offices and 5 units of 4-storey shop offices together with a multi-storey car park housing several small shops at ground level. The development site is adjacent to the Alice Smith International School with a direct frontage to Jalan Equine.

The project was launched in April 2011 with an estimated GDV of RM213 million. To date, all shop offices have been fully sold. The construction work for EQuator is currently in progress and is expected to complete in early 2014. Upon completion, EQuator is expected to be the beehive of all commercial activities in Taman Equine and a centre of attraction.

**iii) Villa Heights**

Villa Heights is an exclusive guarded and gated residential project which is located next to our recently completed Villa Avenue project on the elevated grounds in the pristine area of Taman Equine.

# REVIEW OF OPERATIONS

This 35-acre development project comprises 182 semi-detached houses and bungalows would be launched in 3 phases. Phase 1a which consists of 82 units of semi-detached houses and 17 units of bungalows was launched in March 2012 and has achieved 100% sales take-up rate while Phase 1b and Phase 2 is planned to be launched by end of 2013. These exclusive semi-detached houses and bungalows are meticulously designed to complement its natural surroundings. Inspired by the beauty of nature, the concept blends modern aesthetics and contemporary architecture to accentuate space and elevate sheer elegance and classiness. Villa Heights is expected to be the next most sought-after residential destinations in Seri Kembangan.

Construction work of Phase 1a is currently in progress and completion is expected to be achieved by end of 2013.

**iv) Springville**

Springville is a low-density residential development which comprises 277 condominium units housed in two 18-storey tower blocks with 3 levels of car park and full condominium facilities. The development is strategically located next to our recently completed Equine Boulevard shop offices and features excellent accessibility and convenience.

Nestled in the matured township of Taman Equine, Springville is developed on a sparse natural landscape of a 4.6-acre prime land tucked beside the lush greenery of a forest reserve. This development provides exclusive lifestyle living with lavish natural landscapes and established amenities in the surroundings. The project has received encouraging response from purchasers and achieved 90% sales take-up rate since its launch in October 2012. Construction work for the two condominium blocks has commenced and the project is targeted for completion in 2015.

**v) Suria Permai**

Located within the matured township of our Pusat Bandar Putra Permai, this affordable housing development comprises two tower blocks with a total of 300 units medium-cost apartments and 13 units shops. With ease of accessibility and convenience to amenities, the project had received overwhelming response from purchasers and has been fully sold. The project is currently in its final phase of completion and is expected to be handed over to its purchasers by end of 2013.

# REVIEW OF OPERATIONS

## BATU KAWAN

Crescentia Park is our township development project undertaken by Penaga Pesona Sdn Bhd, a wholly owned subsidiary, in Seberang Perai Selatan, Penang. This proposed township is strategically located within Bandar Cassia in Batu Kawan approximately 3km from the proposed cloverleaf interchange which would link to the Second Penang Bridge currently under construction. The upcoming Second Penang Bridge would connect Batu Kawan in mainland Seberang Perai and Batu Maung in Penang Island. Our development is currently accessible from the North South Expressway via Bukit Tambun interchange while in the near future it would also be accessible via a new Batu Kawan Interchange which is currently under construction which link the North-South Expressway to the Second Penang Bridge. The development of approximately 1,600-acre Batu Kawan Industrial Park currently undertaken by Penang Development Corporation together with the existing industrial parks in the surrounding area would further enhance the value of properties in Batu Kawan.

# REVIEW OF OPERATIONS

Crescentia Park is planned to be an integrated self-contained township development which comprises residential and commercial developments surrounded by lush greenery, landscaped walkways, open recreational parks and a variety of amenities. The master planning of the development strives to create a high quality community which incorporates a wide range of housing types, layouts, sizes and prices. The development places high emphasis on the importance of public realm and shared open space with greenery surroundings. The residential precinct consists of terrace houses, town houses, semi-detached homes, bungalows, medium and low cost housing, hypermarket and shops.

**Callisia**

Callisia is a residential development which comprises 246 units of double storey terrace houses. Phase 1 of Callisia has achieved 100% take-up rate and successfully completed and delivered to the purchasers in January 2013. Phase 2 of Callisia which is an improved version of Phase 1 with a modern contemporary design and finishes had achieved sales take-up rate of 98% with the completion of its surrounding road infrastructure and also advanced stage of completion of the Second Penang Bridge. The development of Callisia is currently in its final phase of completion and the units of Phase 2 are expected to be handed over to the purchasers by the end of 2013.

REVIEW OF
OPERATIONS

# USJ, SUBANG JAYA

*da:men*

da:men is a mixed freehold development jointly undertaken by the land owner and our wholly owned subsidiary, Equine Park Country Resort Sdn Bhd. This development which spans across the 8.6 acres of prime land in the thriving USJ area is designed to be an integrated retail, commercial and residential hub. The proposed development with estimated gross development value of RM1.0 billion consists of two 23-storey tower blocks of service apartments, shop offices and a retail shopping mall with 2 levels of basement car park.

The development is strategically located beside the intersection of Persiaran Kewajipan and Persiaran Subang Permai and is easily accessible via a network of highways such as the Shah Alam Expressway, Subang-Kelana Elevated Highway, Federal Highway, New Pantai Expressway, ELITE Expressway and Damansara-Puchong Highway. In addition, the proposed Light Rail Transit (“LRT”) Kelana Jaya extension line in Subang Jaya which integrates with the proposed elevated Bus Rapid Transit (“BRT”) would provide excellent accessibility and seamless connectivity to our development and greatly enhance the present public transportation in the vicinity.

# REVIEW OF OPERATIONS

For the financial year under review, da:men's shop offices and service apartments have progressed as follows:

**i) Shop Offices**

The commercial development comprises 41 units of contemporary series 2, 3, 5 and 6-storey shop offices that boasts excellent design, high visibility and superior potential. During the financial year under review, da:men shop offices have achieved a sales take-up rate of 98%. The construction of the shop offices is currently in progress and completion is targeted in 2015.

**ii) Service Apartments**

The residential development of da:men features 480 units of well-planned, integrated freehold service apartments housed in two 15-storey tower blocks together with 6 levels of podium car parks. Each tower block has a comprehensive range of facilities including swimming pool with infinity-edge design, lounge deck, gymnasium, sauna, launderette and podium parking. da:men service apartments have received an encouraging sales take-up rate of 95% since its launch. The construction of the service apartments is currently in progress and completion is targeted in 2015.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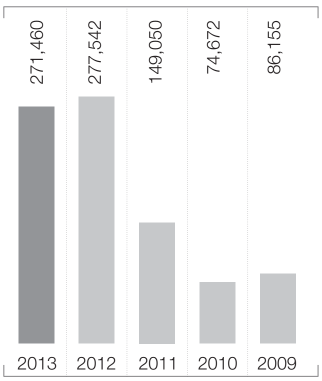
GUYS

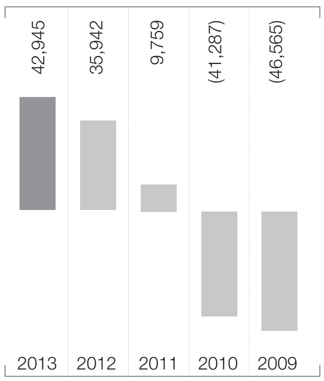
# FIVE-YEAR PERFORMANCE HIGHLIGHTS

| Financial year ended 31 March | 2013 RM'000 | 2012 RM'000 | 2011 RM'000 | 2010 RM'000 | 2009 RM'000 |
|---|---|---|---|---|---|
| Revenue | 271,460 | 277,542 | 149,050 | 74,672 | 86,155 |
| Profit/(Loss) before tax | 42,945 | 35,942 | 9,759 | (41,287) | (46,565) |
| Tax | (12,450) | (3,812) | (3,386) | 4,857 | 1,383 |
| Net Profit/(Loss) | 30,495 | 32,130 | 6,373 | (36,430) | (45,182) |
| Net Assets | 252,474 | 221,979 | 189,849 | 182,782 | 219,212 |
| Total Borrowings | 71,014 | 46,952 | 107,002 | 83,544 | 113,582 |
| | | | | | |
| Number of ordinary shares('000) | 227,338 | 227,338 | 227,338 | 227,338 | 227,338 |
| Earnings per share (sen) | 13.41 | 14.13 | 2.80 | (16.02) | (21.18) |
| Net Assets per share (RM) | 1.11 | 0.98 | 0.84 | 0.80 | 0.96 |
| Gearing (times) | 0.28 | 0.21 | 0.56 | 0.46 | 0.52 |

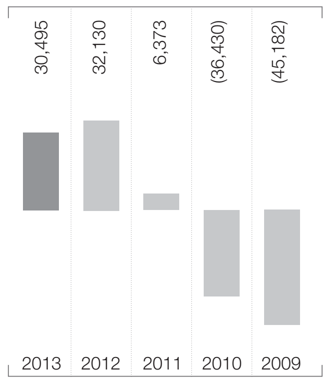
**Revenue**
RM'000



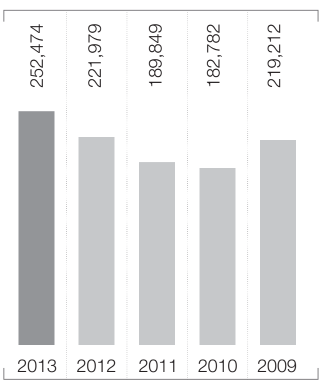

**Profit/(Loss) before tax**
RM'000



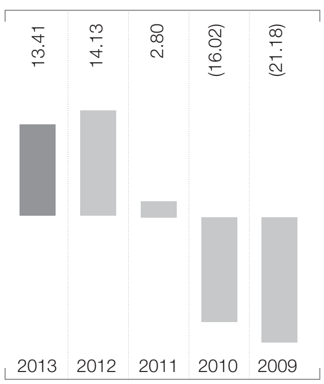

**Net Profit/(Loss)**
RM'000



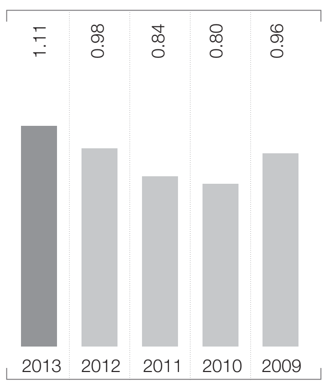

**Net Assets**
RM'000




**Earnings per share**
sen




**Net Assets per share**
RM



# SENIOR MANAGEMENT TEAM

**Ranjeet Singh A/L Sarjit Singh**
*Chief Operating Officer*

**Ng Eek Meen**
*Chief Financial Officer*

**Gan Vi King**
*Chief Internal Auditor*

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") is fully committed to promote and achieve the highest standards of corporate governance and to ensure that the principles and best practices in corporate governance as detailed in the Malaysian Code on Corporate Governance 2012 ("the Code") are practised and adopted by the Company and its subsidiaries ("the Group").

The Board continuously evaluates the Group's corporate governance practices and procedures with a view to adopt and implement the principles and best practices of the Code, wherever applicable, as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value. The Board believes that good corporate governance results in creation of long term value and benefits for all stakeholders.

## 1. THE BOARD OF DIRECTORS

The Board takes full responsibility for the performance of the Group and guides the Group towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the management to enable the Group to achieve its corporate goals.

### 1.1 Board Responsibilities

The Board is guided by a Board Charter which sets out amongst others, board structure, responsibilities, authorities, procedures and meeting and minutes of the Board. The Board has also adopted a Code of Conduct to formalise ethical standards and ensure its compliance.

The Board meets regularly to perform its principal responsibilities, amongst others, as follows:

a) Reviewing and adopting a strategic plan for the Group and monitoring the implementation of the strategic plan by management;

b) Reviewing the Code of Conduct of the Company and implementing appropriate internal systems to support, promote and ensure its compliance;

c) Regularly evaluating economic, environmental, social and governance issues and any other relevant external matters that may influence or affect the development of the business or the interests of the shareholders in ensuring that the Company's strategies promote sustainability;

d) Overseeing the conduct of the Group's business to evaluate whether the business is properly managed;

e) Identifying principal risks of the Group and ensuring that appropriate systems are implemented and/or steps are taken to manage these risks;

f) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;

g) Developing and implementing an investor relations programme or shareholder communications policy for the Group; and

h) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The respective Committee reports to the Board on matters discussed and deliberated, and makes recommendations to the Board for final decision. The Board Committees include the Audit Committee, Nomination Committee and Risk Management Committee.

# STATEMENT ON CORPORATE GOVERNANCE

**1.2 Composition of the Board and Board Balance**

The Board members are professionals from diverse disciplines, tapping on their respective qualifications and experiences in property development, commercial and financial aspects. Together, they bring a wide range of experience and expertise which are vital towards the effective discharge of the Board's responsibilities for the successful direction and growth of the Group. A brief description of the background of each Director is set out on the Profile of Board of Directors in this Annual Report.

The Board consists of seven (7) members, comprising the Independent Non-Executive Chairman, three (3) Executive Directors and three (3) Independent Non–Executive Directors. This is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which requires one third (1/3) of or two members of the Board, whichever is higher, to be independent directors. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the investment of the shareholders.

The Executive Directors together with the senior management team ("Senior Management") are responsible for the day-to-day management of financial and operational matters in accordance with the strategic direction established by the Board.

The Board is comfortable that there are sufficient experienced Non-Executive Directors on the Board who provide unbiased and independent views, advice and judgement to take into account the interests of all stakeholders. In addition, all major decisions and key issues involving the Group are referred to the Board for consideration and approval.

The Independent Non-Executive Directors of the Company are independent of management and free from any business or other relationships, which could interfere with the exercise of independent judgement on the Board's deliberations and decision-making process. The role of these Independent Non-Executive Directors is therefore important as they provide unbiased and independent views, advice and directions and ensure that the strategies proposed by the Senior Management are fully discussed and examined and take into account the long-term interests, not only of the Group and the shareholders, but also of employees, customers, suppliers and other stakeholders.

The Board has also designated Datuk Ahmad Zabri bin Ibrahim as the Director, to whom concerns may be conveyed.

The Board holds the view that there should be no limit impose on the length of service of the Independent Directors since the independence of mind of the Independent Directors coupled with their skills, experience, professionalism and integrity to discharge their responsibilities in good faith are of utmost important. These attributes are more critical in ascertaining the function and effectiveness of the Independent Directors than the number of years they have served on the Board.

The Board also has no immediate plan to implement a gender diversity policy as they are of the view that Board membership is dependent on each candidate's skill, experience, competence and other qualities, regardless of gender.

**1.3 Appointment of Directors**

The Nomination Committee is empowered to identify and recommend new appointment of director to the Board. In discharging this duty, the Nomination Committee will assess the suitability of a candidate by taking into account the following criteria:

a) expertise and experience in related business of the Company, law, finance or other appropriate profession;
b) ability to exercise sound judgment;
c) demonstrate high standards of ethics, integrity and professionalism;
d) sufficient time to devote to Board matters; and
e) no conflict of interest that would interfere with performance as a director.

The Nomination Committee will review the candidates' qualification, meet up with the interested candidates who best meet the prescribed criteria and have final deliberation of the suitability of the candidate before recommending to the Board the most appropriate candidate to be invited to become a director of the Company.

**1.4 Re-Election of Directors**

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to retire and re-election by shareholders at the first Annual General Meeting ("AGM") following their appointment. The Articles also provide that one-third, or the number nearest one-third of the remaining Directors be subject to re-election by rotation at each AGM and all Directors are to offer themselves for re-election once every three years.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are of or over the age of 70 years shall retire at every AGM of the Company and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next AGM in accordance with Section 129(6) of the Companies Act, 1965.

**1.5 Directors' Training**

The Group acknowledges that continuous education is vital for the Board members to keep abreast with the latest developments in the industry and business environment as well as changes to statutory requirement and regulatory guidelines. During the financial year ended 31 March 2013, the following training programmes have been attended by the Directors:

| No. | Director | Training Programme |
|---|---|---|
| 1. | YAM Datuk Seri Tengku Ahmad Shah | • Advocacy Sessions on Disclosure for CEO & CFO<br>• Directors' Duties, Regulatory Updates and Governance Seminar for Directors of PLCs 2013<br>• Enterprise Risk Management – What A Director Must Know |
| 2. | Othman bin Mohammad | • Directors' Duties, Regulatory Updates and Governance Seminar for Directors of PLCs 2013<br>• Enterprise Risk Management – What A Director Must Know |
| 3. | Wee Beng Aun | • Enterprise Risk Management – What A Director Must Know |
| 4. | Ta Wee Dher | • Mandatory Accreditation Programme<br>• Directors' Duties, Regulatory Updates and Governance for Directors of PLCs 2013<br>• Enterprise Risk Management – What A Director Must Know |
| 5. | Datuk Ahmad Zabri bin Ibrahim | • Enterprise Risk Management – What A Director Must Know |
| 6. | Dato' Hamzah bin Md Rus | • Risk Management<br>• Enterprise Risk Management – What A Director Must Know |
| 7. | Wong Yuk Mou | • Risk Management<br>• Director's Rights, Duties, Powers and Accountability<br>• Malaysian Institute of Accountants Conference 2012<br>• Directors' Duties, Regulatory Updates and Governance for Directors of PLCs 2013<br>• Enterprise Risk Management – What A Director Must Know |

# STATEMENT ON CORPORATE GOVERNANCE

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge to enable them to carry out their roles effectively.

**1.6 Supply of Information**

The Board has a formal schedule of matters for decision-making to ensure that the direction and control of the Group is firmly in its hands.

Board papers, together with the agenda of the Board Meeting and relevant reports, are circulated in advance of each Board meeting to enable the Directors to review and obtain further information, where necessary, on matters presented in the Board papers. During Board Meetings, the Senior Management provides further details on each matter or supplementary information, where necessary. In addition and in accordance with the Articles, the Board also ratifies matters previously approved through Directors' circular resolutions.

Board proceedings, deliberations and conclusions of the Board at every Board Meeting are duly recorded in the Board minutes and all minutes are signed by the Chairman of the meeting in compliance with Section 156 of the Companies Act, 1965. All Directors have the right and duty to make further enquiries where they consider necessary.

Each Director has unrestricted access to all information within the Group, the Senior Management and the Company Secretary. The Directors, whether in capacity as the full Board or in their individual capacity, may in furtherance of their duties, take independent professional advice at the Company's expense, if required.

**1.7 Board Meetings**

The Board schedules to meet at least four times a year, with additional meetings convened as and when necessary. Due notice is given for all scheduled meetings.

During the financial year ended 31 March 2013, six (6) Board Meetings were convened on 24 May 2012, 18 July 2012, 29 August 2012, 12 October 2012, 21 November 2012 and 28 February 2013. The meeting attendance of each individual Director is set out on the Profile of Board of Directors in this Annual Report.

**1.8 Nomination Committee**

The primary functions of the Nomination Committee are to propose new candidates for the Board; assess the effectiveness of the Board, Board Committees and individual Directors; and review the required mix of skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently. The Nomination Committee has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and contribution and performance of each retiring directors on an annual basis.

The Nomination Committee undertakes assessment on independence at the point of appointment of Independent Director and prior to re-election of the retiring Independent Director. When assessing independence, the Nomination Committee focuses whether the Independent Director can continue to bring independent and objective judgement and act in the best interest of the Group.

# STATEMENT ON CORPORATE GOVERNANCE

## 2. DIRECTORS' REMUNERATION

The Board has not set up a Remuneration Committee to review the remuneration packages of directors. The determination of remuneration of executive directors is a matter for the Board as a whole. The respective director will play no part in the decisions concerning his own remuneration.

The remuneration package of executive directors is linked to the performance of the individual director and performance of the Company. The remuneration of non-executive directors is linked to their experience and level of responsibilities undertaken.

The remuneration package for the directors of the Company comprises the following elements:

a. Salaries

The salaries (inclusive of statutory employer's contributions to the Employees' Provident Fund) of the Executive Directors are determined and approved by the Board annually.

b. Fees

The fees payable to the Non-Executive Directors are determined by the Board and approved by the shareholders of the Company at each Annual General Meeting.

c. Allowances and benefits-in-kind

The allowances and other customary benefits (such as private medical insurance, company car, driver, fuel, etc) to the Directors are determined and approved by the Board as appropriate.

The details of Directors' remuneration during the financial year ended 31 March 2013 are as follow:

### 2.1 Aggregate Remuneration

| Aggregate Remuneration | Executive Directors (RM) | Non-Executive Directors (RM) |
|---|---|---|
| Salaries | 1,101,200 | - |
| Fees | - | 204,000 |
| Allowances | - | 41,000 |
| Benefits-in-kind* | 72,400 | - |
| Total | 1,173,600 | 245,000 |

** Based on estimated monetary value*

# STATEMENT ON CORPORATE GOVERNANCE

### 2.2 Range of Remuneration

| Range of Remuneration | No. of Directors Executive | Non-Executive |
|---|---|---|
| Less than RM50,000 | 1 | 3 |
| RM50,001 – RM100,000 | - | 1 |
| RM200,001 – RM250,000 | 1 | - |
| RM900,001 – RM950,000 | 1 | - |

## 3. SHAREHOLDERS

### 3.1 Shareholders and Investor Relations

The Board recognises the importance of transparency and accountability to its shareholders and maintains an effective communication policy that enables both the Board and the Senior Management to communicate effectively with its shareholders and the public. An important aspect of an active and constructive communication policy is the timeliness in disseminating information to shareholders and investors.

Accordingly, the Board communicates information on the operations, activities and performance of the Group on a timely manner through the following:

- The Annual Report which contains the financial and operational review of the Group's business, corporate information, financial statements and information on the Board and Audit Committee;

- Various announcements made to Bursa Securities which includes the announcement of quarterly results of the Group; and

- The Company's website at www.gob.com.my.

### 3.2 Annual General Meeting ("AGM")

The AGM serves as an important means for shareholders' communication. Notice of the AGM and the Annual Report are sent to shareholders twenty-one (21) days prior to the AGM.

GOB will be convening its 12th AGM on 28 August 2013. The Board encourages its shareholders to raise questions regarding the resolutions being proposed at the AGM and also other matters pertaining to the business activities of the Group. The Directors and Senior Management of the Company will be available at the AGM to respond to questions posed by the shareholders.

Additionally, upon request, a press conference may be held immediately following the AGM where the Directors and Senior Management of GOB advise the press of the resolutions passed, and answer questions on the Group.

While the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be deemed as undisclosed material information about the Group will not be imparted to any single shareholder or group of shareholders.

# STATEMENT ON CORPORATE GOVERNANCE

## 4. ACCOUNTABILITY AND AUDIT

### 4.1 Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects through the quarterly announcement of results to shareholders via the Bursa Securities as well as the Chairman's statement, review of operations and annual financial statements in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

The Directors are responsible to ensure that the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. A statement of the Directors' responsibilities in preparing the financial statements is set out separately in this Annual Report.

### 4.2 Internal Control and Risk Management

The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out in this Annual Report.

### 4.3 Relationship with the External Auditors

The Board, via the Audit Committee, established formal and transparent arrangements for maintaining an appropriate relationship with the Group's external auditors, Messrs Deloitte KassimChan.

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee in relation to the external auditors is set out in the Audit Committee's Report.

## 5. ADDITIONAL DISCLOSURES

### (a) Non-Audit Fees

The non-audit fees paid to the external auditors during the financial year ended 31 March 2013 was RM5,000.

### (b) Material Contracts

There was no material contract outside the ordinary course of business entered into by GOB and its subsidiaries involving Directors' and major shareholders' interest which was still subsisting as at 31 March 2013.

### (c) Corporate Social Responsibility

The Group recognises the importance of fulfilment of corporate social responsibilities in the community. The Group, as a responsible property developer, emphasizes the implementation of public amenities and other social obligations in its product development. The Group also recognises the importance of staff welfare and continual training to ensure development in human capital.

### (d) Recurrent Related Party Transactions

The Company was given shareholders' mandate to enter into recurrent related party transactions at the 11th Annual General Meeting held on 29 August 2012.

At the forthcoming Annual General Meeting, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought will be furnished in the Circular to Shareholders' dated 31 July 2013.

# AUDIT COMMITTEE REPORT

The Audit Committee ("the Committee") consists of the following members:

- **Wong Yuk Mou**
  *Independent Non-Executive Director*
  *(Chairman)*

- **Datuk Ahmad Zabri bin Ibrahim**
  *Independent Non-Executive Director*
  *(Member)*

- **Dato' Hamzah bin Md Rus**
  *Independent Non-Executive Director*
  *(Member)*

Details of the members of the Committee are contained in the "Profile of Directors" as set out in this Annual Report.

## TERMS OF REFERENCE

### 1. Composition

The Committee shall be appointed from amongst the members of the Board and shall comprise at least three (3) members. All the members must be non-executive directors, with a majority of them being independent directors. The Chairman, who shall be elected by the Committee, must be an independent director.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy must be filled within three (3) months.

### 2. Meetings

The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

### 3. Rights

The Committee shall:

(a) have explicit authority to investigate any matter within its terms of reference;
(b) have the necessary resources which it needs to perform its duties;
(c) have full and unrestricted access to any information which it requires in the course of performing its duties;
(d) have unrestricted access to the management;
(e) have direct communication channels with the external auditors and internal auditors; and
(f) be able to obtain independent professional or other advice in the performance of its duties at the Company's expense.

# AUDIT
# COMMITTEE REPORT

**4. Duties**

The duties of the Committee shall include a review of:

(a) the nomination of external auditors;
(b) the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
(c) the adequacy and effectiveness of the internal controls and management information systems;
(d) the financial statements of the Company with both the external auditors and management;
(e) the external auditors' audit report;
(f) any management letter sent by the external auditors to the Company and the management's response to such letter;
(g) any letter of resignation from the Company's external auditors;
(h) the assistance given by the Company's officers to the external auditors;
(i) all areas of significant financial and operational risks and the arrangements in place to contain those risks to acceptable levels; and
(j) all related-party transactions and potential conflict of interests situations.

## INTERNAL AUDIT FUNCTION

In discharging its function, the Committee is supported by an internal audit function whose primary responsibility is to evaluate and report on the adequacy, integrity and effectiveness of the overall system of internal controls of GOB and its subsidiaries. The internal audit function of the Group is carried out by an in-house Internal Audit Department which reports directly to the Committee. The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a regular basis.

The total cost incurred for the internal audit function for the financial year ended 31 March 2013 was approximately RM360,000.

## MEETINGS

During the financial year ended 31 March 2013, the Committee convened a total of five (5) meetings on 22 May 2012, 18 July 2012, 29 August 2012, 21 November 2012 and 28 February 2013. The meeting attendance of each individual Committee is set out on the Profile of Board of Directors in this Annual Report.

The Group's internal and external auditors and the Senior Management attended the meetings upon the invitation of the Committee. Minutes of the meetings of the Committee are circulated to all members of the Board and significant issues are discussed at the Board Meetings.

## SUMMARY OF ACTIVITIES OF THE COMMITTEE

During the financial year and up to the date of this Report, the Committee carried out the following activities in discharging its duties and responsibilities:

- **Internal Controls**

  - Evaluated the overall effectiveness of the system of internal controls through the review of the results of work performed by the internal and external auditors and discussions with Senior Management.

# AUDIT
# COMMITTEE REPORT

- **Financial Results**

  - Reviewed the quarterly results and audited annual financial statements of the Group before recommending to the Board for release to Bursa Securities. The review had focused primarily on:

    a) major accounting areas involving exercise of judgement, significant and unusual events;
    b) significant adjustments resulting from audit;
    c) going concern assumptions;
    d) compliance with applicable approved accounting standards in Malaysia; and
    e) compliance with Main Market Listing Requirements of Bursa Securities and other relevant regulatory requirements.

- **External Audit**

  - Reviewed with the external auditors, their audit plan for the financial year ended 31 March 2013 to ensure that their scope of work adequately covered the activities of the Group;

  - Reviewed the results and issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Committee; and

  - Reviewed their performance and independence before recommending to the Board their re-appointment and remuneration.

- **Internal Audit**

  - Reviewed with the internal auditors, their audit plan for the financial year ending 31 March 2014 ensuring that principal risk areas were adequately identified and covered in the plan;

  - Reviewed the recommendations by internal auditors, representations made and corrective actions taken by management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis;

  - Reviewed the competencies of the internal auditors to execute the audit plan, the audit programs used in the execution of the internal audit work and the results of their work; and

  - Reviewed the adequacy of the Internal Audit Charter.

- **Related Party Transactions**

  - Reviewed related party transactions and recurrent related party transactions entered into by the Company and its subsidiary companies.

- **Others**

  - Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in the Annual Report before recommending to the Board for approval.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This statement on risk management and internal control by the Board is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities and the principles and best practices provided in the Malaysian Code on Corporate Governance 2012.

## BOARD RESPONSIBILITIES

The Board has the overall responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness, adequacy and integrity. The Board ensures the effectiveness of the system through regular reviews.

The system of risk management and internal control has been designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable, and not absolute assurance, against material misstatement of management and financial information or against financial losses and fraud.

It is the Board's view that in order to achieve a sound system of risk management and internal control, it is necessary to provide a control environment and framework that is conducive to this objective. This shall require that the Board, Management and all levels of employees to be aware of the Group's business objectives, the risks that could potentially impede the Group in achieving these objectives and the policies and control strategies that are required to manage these risks.

## RISK MANAGEMENT FRAMEWORK

The Board is responsible for the on-going identification, evaluation and management of significant risks. These on-going processes are reviewed regularly by the Audit Committee, Risk Management Committee, Management and the Internal Auditors. The Risk Management Committee reports directly to the Board and is responsible for coordination of the overall risk management activities within the Group.

## INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are as follows:

- Organisation structure with clearly defined lines of responsibilities, accountability and delegation of authority;
- Appropriate authorisation of transactions, supported by policies and procedures;
- Monthly financial reporting framework for all companies within the Group whereby actual results monitored against forecasts/budgets and variances are investigated accordingly;
- Quarterly reporting of the financial results of the Group to the Audit Committee and the Board; and
- Operations meetings, management meetings and project department meetings held regularly to identify, discuss, evaluate and resolve operational and financial issues.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The internal audit function of the Group is carried out by an in-house Internal Audit Department which reports directly to the Audit Committee. The role of the internal auditors is to review the adequacy, integrity and effectiveness of the Group's system of risk management and internal controls to mitigate the risks of the Group including financial, operational and compliance risks.

The internal audit plan is reviewed and approved annually by the Audit Committee. The internal auditors conduct various audit assignments regularly to evaluate the adequacy and effectiveness of the risk management and internal control systems and make recommendations for improvement to the system. The Audit Committee reviews the internal audit reports on a regular basis and keeps the Board informed of key audit findings.

## CONCLUSION

Based on the above, the Board is of the view that system of risk management and internal control being implemented within the Group is sound and effective. Notwithstanding this, reviews of all the risks and control procedures will be continuously carried out to ensure the on-going adequacy, integrity and effectiveness of the system, so as to safeguard the Group's assets and shareholders' interests.

## REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement for inclusion in the Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

# STATEMENT ON DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

The Directors are responsible for ensuring the financial statements of the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act, 1965 which give a true and fair view of the state of affairs of the Group and of their financial performance and cash flows for the financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards in Malaysia have been complied with; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made appropriate enquiries, that the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Group maintains such accounting and other records that will disclose with reasonable accuracy, the financial position of the Group, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies are set out in Note 14 to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

On 3 September 2012, the Company changed its name from Equine Capital Berhad to Global Oriental Berhad.

## RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

| | The Group RM'000 | The Company RM'000 |
|---|---|---|
| **Profit/(Loss) before tax** | 42,945 | (645) |
| **Income tax expense** | (12,450) | - |
| **Profit/(Loss) for the financial year** | 30,495 | (645) |
| Profit attributable to: | | |
| Equity holders of the Company | 30,495 | |
| Non-controlling interests | - | |
| | 30,495 | |

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

## DIVIDEND

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

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

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

# DIRECTORS' REPORT

## SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

## OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

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

# DIRECTORS' REPORT

## DIRECTORS

The following Directors served on the Board of the Company since the date of the last report:

Y.A.M. Datuk Seri Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Datuk Ahmad Zabri bin Ibrahim
Dato' Hamzah bin Md Rus
Othman bin Mohammad
Wee Beng Aun
Wong Yuk Mou
Ta Wee Dher (appointed on 3 December 2012)

In accordance with Article 77 of the Company's Articles of Association, Mr. Wong Yuk Mou and Mr. Wee Beng Aun retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 84 of the Company's Articles of Association, Mr. Ta Wee Dher retires from the Board at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Datuk Ahmad Zabri bin Ibrahim, who is over seventy years of age retires and a resolution will be proposed for his re-appointment as director under the provision of Section 129(6) of the Act to hold office until the conclusion of the following Annual General Meeting of the Company.

## DIRECTORS' INTERESTS

The shareholdings in the Company and its subsidiary companies of those who were Directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

| | **Number of ordinary shares of RM1.00 each** | | | |
|---|---|---|---|---|
| | **Balance as of 1.4.2012** | **Bought** | **Sold** | **Balance as of 31.3.2013** |
| **Shares in the Company** | | | | |
| **Indirect interest** | | | | |
| Othman bin Mohammad | 27,403,936 | - | - | 27,403,936 |

By virtue of his interest in shares through Insan Mayang Sdn. Bhd., Duta Kembang Sdn. Bhd., Perharap Sdn. Bhd. and Temasya Permai Sdn. Bhd., Encik Othman bin Mohammad is deemed to be interested in the shares of the Company and its subsidiary companies to the extent that the Company has an interest by virtue of Section 6A of the Companies Act, 1965.

Other than as stated above, none of the other Directors who held office at the end of the financial year had any interest in the ordinary shares in the Company or its related corporations.

# DIRECTORS' REPORT

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Note 9 to the Financial Statements) by reason of a contract made by the Company or a related company 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 except for any benefits which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business between its subsidiary company and the companies in which certain Directors are deemed to have financial interests as disclosed in Note 21 to the Financial Statements.

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

**AUDITORS**

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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

**Y.A.M. DATUK SERI TENGKU AHMAD SHAH**
**IBNI ALMARHUM SULTAN SALAHUDDIN**
**ABDUL AZIZ SHAH**

**OTHMAN BIN MOHAMMAD**

Selangor Darul Ehsan
17 July 2013

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF GLOBAL ORIENTAL BERHAD
(FORMERLY KNOWN AS EQUINE CAPITAL BERHAD) (INCORPORATED IN MALAYSIA)

**Report on the Financial Statements**

We have audited the financial statements of **GLOBAL ORIENTAL BERHAD** (formerly known as Equine Capital Berhad), which comprise the statements of financial position of the Group and of the Company as of 31 March 2013 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 50 to 107.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. 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 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 the auditors' judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as of 31 March 2013 and their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

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

(a) in our opinion the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiary companies have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of all the subsidiaries, of which we have not acted as auditors, which are disclosed in Note 14 to the Financial Statements;

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF GLOBAL ORIENTAL BERHAD
(FORMERLY KNOWN AS EQUINE CAPITAL BERHAD) (INCORPORATED IN MALAYSIA)

(c) we are satisfied that the accounts of the subsidiary companies that have been consolidated in the financial statements of the Company 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 as required by us for these purposes; and

(d) our auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

The supplementary information set out in Note 37 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matter**

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 towards any other person for the contents of this report.

**DELOITTE KASSIMCHAN**
**AF 0080**
**Chartered Accountants**

**KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN**
**Partner - 2903/11/13 (J)**
**Chartered Accountant**

17 July 2013

# STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2013** | **2012** | **2013** | **2012** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 5 | 271,460 | 277,542 | - | - |
| Cost of sales | 7 | (192,361) | (210,661) | - | - |
| Gross profit | | 79,099 | 66,881 | - | - |
| Other operating income | | 4,432 | 21,449 | 38 | 64 |
| Administration and marketing expenses | | (37,024) | (41,159) | (683) | (679) |
| Other operating expenses | | (2,469) | (9,491) | - | - |
| Finance costs | 8 | (1,093) | (1,738) | - | - |
| Profit/(Loss) before tax | 9 | 42,945 | 35,942 | (645) | (615) |
| Income tax expense | 10 | (12,450) | (3,812) | - | - |
| **Profit/(Loss) for the financial year** | | 30,495 | 32,130 | (645) | (615) |
| Other comprehensive income for the financial year | | - | - | - | - |
| **Total comprehensive income/(loss) for the financial year** | | 30,495 | 32,130 | (645) | (615) |

| | | The Group | |
|---|---|---|---|
| Profit and total comprehensive income for the financial year attributable to: | | | |
| Equity holders of the Company | | 30,495 | 32,130 |
| Non-controlling interests | | - | - |
| | | 30,495 | 32,130 |
| Earnings per ordinary share attributable to equity holders of the Company (sen): | | | |
| Basic | 11 | 13.41 | 14.13 |

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF FINANCIAL POSITION
## AS OF 31 MARCH 2013

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 12 | 18,787 | 2,298 | - | - |
| Investment properties | 13 | 4,600 | 4,250 | - | - |
| Investment in subsidiary companies | 14 | - | - | 193,128 | 192,582 |
| Other investment | 15 | 1 | 1 | - | - |
| Land held for property development | 16 | 188,902 | 185,054 | - | - |
| Deferred tax assets | 17 | 14,668 | 16,841 | - | - |
| Trade receivables | 20 | 1,474 | 1,305 | - | - |
| **Total Non-Current Assets** | | 228,432 | 209,749 | 193,128 | 192,582 |
| **Current Assets** | | | | | |
| Inventories | 18 | 13,658 | 16,908 | - | - |
| Property development costs | 19 | 377,316 | 373,922 | - | - |
| Accrued billings | | 22,374 | 16,619 | - | - |
| Trade receivables | 20 | 55,408 | 41,637 | - | - |
| Other receivables and deposits | 20 | 20,255 | 19,782 | 305 | 57 |
| Amount owing by subsidiary companies | 14 | - | - | 136,730 | 137,811 |
| Tax recoverable | | 850 | 717 | - | 62 |
| Fixed deposits, cash and bank balances | 22 | 39,972 | 31,428 | 1,232 | 1,533 |
| | | 529,833 | 501,013 | 138,267 | 139,463 |
| Assets held for sale | 23 | 1,476 | 3,695 | - | - |
| **Total Current Assets** | | 531,309 | 504,708 | 138,267 | 139,463 |
| **TOTAL ASSETS** | | 759,741 | 714,457 | 331,395 | 332,045 |

# STATEMENTS OF FINANCIAL POSITION
## AS OF 31 MARCH 2013

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2013** | **2012** | **2013** | **2012** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | |
| Issued capital | 24 | 227,338 | 227,338 | 227,338 | 227,338 |
| Reserves/(Accumulated losses) | 25 | 25,136 | (5,359) | 35,572 | 36,217 |
| **Total Equity** | | 252,474 | 221,979 | 262,910 | 263,555 |
| **Liabilities** | | | | | |
| **Non-Current and Deferred Liabilities** | | | | | |
| Borrowings - secured | 26 | 44,694 | 13,757 | - | - |
| Deferred tax liabilities | 17 | 21,177 | 23,536 | - | - |
| Trade payables | 30 | 130,954 | 169,340 | - | - |
| **Total Non-Current and Deferred Liabilities** | | 196,825 | 206,633 | - | - |
| **Current Liabilities** | | | | | |
| Progress billings | | 82,581 | 82,026 | - | - |
| Trade payables | 30 | 116,755 | 81,686 | - | - |
| Other payables and accruals | 30 | 56,355 | 55,784 | 280 | 271 |
| Amount owing to subsidiary companies | 14 | - | - | 43,205 | 43,219 |
| Provisions | 31 | 21,946 | 29,364 | - | - |
| Borrowings - secured | 26 | 26,320 | 33,195 | 25,000 | 25,000 |
| Tax liabilities | | 6,485 | 3,790 | - | - |
| **Total Current Liabilities** | | 310,442 | 285,845 | 68,485 | 68,490 |
| **Total Liabilities** | | 507,267 | 492,478 | 68,485 | 68,490 |
| **TOTAL EQUITY AND LIABILITIES** | | 759,741 | 714,457 | 331,395 | 332,045 |

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

| The Group | Issued capital RM'000 | Asset revaluation reserve RM'000 | (Accumulated losses)/ Retained earnings RM'000 | Total RM'000 |
|---|---|---|---|---|
| | Attributable to the equity holders of the Company | | | |
| **Balance as of 1 April 2011** | 227,338 | 17,808 | (55,297) | 189,849 |
| Total comprehensive income for the financial year | - | - | 32,130 | 32,130 |
| Transfer to retained earnings on disposal of revalued asset | - | (17,808) | 17,808 | - |
| **Balance as of 31 March 2012** | 227,338 | - | (5,359) | 221,979 |
| **Balance as of 1 April 2012** | 227,338 | - | (5,359) | 221,979 |
| Total comprehensive income for the financial year | - | - | 30,495 | 30,495 |
| **Balance as of 31 March 2013** | 227,338 | - | 25,136 | 252,474 |

| The Company | Issued capital RM'000 | Distributable reserve - Retained earnings RM'000 | Total RM'000 |
|---|---|---|---|
| | Attributable to the equity holders of the Company | | |
| **Balance as of 1 April 2011** | 227,338 | 36,832 | 264,170 |
| Total comprehensive loss for the financial year | - | (615) | (615) |
| **Balance as of 31 March 2012** | 227,338 | 36,217 | 263,555 |
| **Balance as of 1 April 2012** | 227,338 | 36,217 | 263,555 |
| Total comprehensive loss for the financial year | - | (645) | (645) |
| **Balance as of 31 March 2013** | 227,338 | 35,572 | 262,910 |

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES** | | | | |
| Profit/(Loss) for the financial year | 30,495 | 32,130 | (645) | (615) |
| Adjustments for: | | | | |
| Provision for/(Reversal of) liquidated and ascertained damages | 343 | (7,244) | - | - |
| Interest expense | 1,093 | 1,738 | - | - |
| Income tax expense recognised in profit or loss | 12,450 | 3,812 | - | - |
| Provision for bumiputra quota penalties | 151 | 720 | - | - |
| Property, plant and equipment written off | 1 | 1,350 | - | - |
| Land held for property development written off | - | 1,756 | - | - |
| Depreciation of property, plant and equipment | 1,647 | 1,156 | - | - |
| Interest income | (1,349) | (1,070) | (38) | (64) |
| Gain on disposal of asset held for sale | (650) | (10,000) | - | - |
| Increase in fair value adjustments of investment properties | (350) | (250) | - | - |
| Interest income imputed on interest free financial asset - long term receivables | (21) | (90) | - | - |
| Allowance for doubtful debts - net | 120 | 206 | - | - |
| Bad debts written off | - | 880 | - | - |
| Gain on disposal of a subsidiary company | - | (537) | - | - |
| Gain on disposal of property, plant and equipment | (30) | (27) | - | - |
| Operating Profit/(Loss) Before Working Capital Changes | 43,900 | 24,530 | (683) | (679) |
| Decrease/(Increase) in: | | | | |
| Land held for property development | (3,848) | (7,047) | - | - |
| Inventories | 3,250 | 1,034 | - | - |
| Property development costs | 441 | 8,013 | - | - |
| Accrued billings | (5,755) | (4,703) | - | - |
| Trade and other receivables | (14,610) | (11,231) | 833 | (54) |
| Increase/(Decrease) in: | | | | |
| Progress billings | 555 | 48,162 | - | - |
| Trade and other payables | (4,839) | 20,048 | (5) | 42 |
| Cash Generated From/(Used In) Operations | 19,094 | 78,806 | 145 | (691) |
| Tax paid | (10,075) | (33,740) | 62 | - |
| Interest received | 1,349 | 1,160 | 38 | 64 |
| Interest paid | (4,870) | (5,519) | - | - |
| Liquidated and ascertained damages paid | (5,140) | (8,298) | - | - |
| Bumiputra quota penalties paid | (715) | (5,785) | - | - |
| Net Cash (Used In)/From Operating Activities | (357) | 26,624 | 245 | (627) |

# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

| | Note | The Group 2013 RM'000 | The Group 2012 RM'000 | The Company 2013 RM'000 | The Company 2012 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES** | | | | | |
| Proceeds from disposal of property, plant and equipment | | 30 | 27 | - | - |
| Proceeds from disposal of assets held for sale | | 2,967 | 45,100 | - | - |
| Cash inflow from disposal of subsidiary company, net of cash disposal (Note 14) | | - | 1 | - | - |
| Subscription of an additional issued share capital of a subsidiary company | | - | - | (546) | - |
| Acquisition of subsidiary companies | | - | - | **- | - |
| Additions to property, plant and equipment* | | (17,563) | (317) | - | - |
| (Placement)/Withdrawal of fixed deposits | | (2,176) | 1,845 | (38) | 1,869 |
| Net Cash (Used In)/From Investing Activities | | (16,742) | 46,656 | (584) | 1,869 |
| **CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES** | | | | | |
| Drawdown of bank borrowings | | 54,893 | 40,337 | - | 25,000 |
| Repayment of bank borrowings | | (26,943) | (97,795) | - | (71,013) |
| Repayment of hire-purchase creditors | | (383) | (291) | - | - |
| Advances from subsidiary companies | | - | - | - | 44,914 |
| Net Cash From/(Used In) Financing Activities | | 27,567 | (57,749) | - | (1,099) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | 10,468 | 15,531 | (339) | 143 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR** | | 21,931 | 6,400 | 375 | 232 |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | 32 | 32,399 | 21,931 | 36 | 375 |

* Additions to property, plant and equipment consist of the following:

| | The Group 2013 RM'000 | The Group 2012 RM'000 |
|---|---|---|
| Payment by cash | 17,563 | 317 |
| Financed by hire-purchase | 574 | 93 |
| Total (Note 12) | 18,137 | 410 |

** The Company acquired a wholly-owned subsidiary company for a cash consideration of RM2 during the financial year as disclosed in Note 14 to the Financial Statements.

The accompanying Notes form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the subsidiary companies are set out in Note 14. There have been no significant changes in the nature of these activities during the financial year.

On 3 September 2012, the Company changed its name from Equine Capital Berhad to Global Oriental Berhad.

The registered office and principal place of business of the Company are both located at No. 1, Jalan Putra Permai 1A, Taman Equine, 43300 Seri Kembangan, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All information presented in RM has been rounded to the nearest thousand (RM'000), unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 July 2013.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

**Malaysian Financial Reporting Standard ("MFRS Framework")**

On 19 November 2011, the 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 2013 with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein called "Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Subsequently, on 30 June 2013, MASB extended the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 March 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 majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The Group is reviewing its accounting policies to assess financial effects of the differences between the current FRSs and accounting standards under the MFRS Framework.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

### Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised FRSs and Issues Committee Interpretations ("IC Interpretations") and amendments to FRSs and IC Interpretation issued by MASB that are relevant to their operations and effective for annual financial periods beginning on or after 1 April 2012.

| | |
|---|---|
| FRS 7 | Financial Instruments: Disclosures (Amendments relating to Disclosure - Transfers of Financial Assets) |
| FRS 112 | Income Taxes (Amendments relating to Deferred Tax - Recovery of Underlying Assets) |
| FRS 124 | Related Party Disclosures (Revised) |
| IC Interpretation 14 | FRS 119 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating prepayments of a minimum funding requirement) |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |

The adoption of these new and revised FRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

### FRSs and IC Interpretations in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Company are as listed below.

| | |
|---|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards[1] |
| FRS 7 | Financial Instruments: Disclosures (Consequential amendments resulting from amendments to FRS 9)[3] |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009)[3] |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010)[3] |
| FRS 10 | Consolidated Financial Statements (Amendments relating to further clarification on initial application of FRS 10)[1] |
| FRS 11 | Joint Arrangements (Amendments relating to further clarification on initial application of FRS 11)[1] |
| FRS 12 | Disclosures of Interests in Other Entities (Amendments relating to further clarification on initial application of FRS 12)[1] |
| FRS 13 | Fair Value Measurement[1] |
| FRS 101 | Presentation of Financial Statements (Clarification of the requirements for comparative information)[1] |
| FRS 101 | Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)[4] |
| FRS 116 | Property, Plant and Equipment (Classification of servicing equipment)[1] |
| FRS 119 | Employee Benefits (2011)[1] |
| FRS 127 | Separate Financial Statements (2011)[1] |
| FRS 128 | Investment in Associates and Joint Ventures (2011)[1] |
| FRS 132 | Financial Instruments: Presentation (Tax effect of distribution to holders of equity instruments)[1] |
| FRS 132 | Financial Instruments: Presentation (Amendments relating to offsetting of Financial assets and Financial liabilities)[2] |
| FRS 134 | Interim Financial Reporting[1] |
| IC Interpretation 2 | Members' Shares in Cooperative Entities and Similar Instruments (Tax effect of distribution to holders of equity instruments)[1] |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine[1] |

[1] Effective for annual periods beginning on or after 1 April 2013
[2] Effective for annual periods beginning on or after 1 April 2014
[3] Effective for annual periods beginning on or after 1 April 2015
[4] Effective for annual periods beginning on or after 1 July 2012

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

**FRSs and IC Interpretations in Issue But Not Yet Effective (cont'd)**

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The Directors anticipate that abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**

The financial statements of the Company and all its subsidiary companies have been prepared under the historical cost convention other than as disclosed in the summary of accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of financial reporting period and the reported amounts of revenue and expenses during the reporting period. In addition, the Directors are also required to exercise their judgement in the process of applying the Group's accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

**Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary companies acquired or disposed of during the year are included in the statement of comprehensive income of the Group from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiary companies are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

# NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Basis of Consolidation (cont'd)**

When the Group loses control of a subsidiary company, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

**Business Combinations**

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant FRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Revenue**

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

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

(a) Revenue from sale of property development projects and sale of completed property units

Property development revenue is recognised in respect of all development units that have been sold. Revenue from sale of property development projects is recognised based on stage of completion. The stage of completion is based on the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Revenue from the sale of completed property unit is measured at the fair value of the consideration received or receivable and is recognised when the entity has transferred the significant risks and rewards of ownership of the unit, and when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

(b) Revenue from construction contracts

Revenue relating to construction contracts is recognised based on the percentage of completion of the contract as measured by the proportion of construction costs incurred for work performed to-date to the estimated total contract costs where the outcome of the contracts can be reliably estimated.

(c) Revenue from livery and fees from horse riding lessons

Livery and horse riding revenue are recognised upon the performance of services.

(d) Rental income from investment properties

Rental income is accounted for on a straight line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight line basis.

(e) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(f) Revenue from sale of food and beverage

Sale of food and beverage is recognised when food and beverage is served, net of service tax.

(g) Revenue from sale of goods

Revenue from sale of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed to customers. Sales represent gross invoice value of goods sold less discounts and returns.

(h) Rental income

Rental income is accrued on a time apportion basis, by reference to the agreements entered.

# NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Employee Benefits**

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, bonuses and non-monetary benefits are recognised as an expense in the year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

(b) Defined contribution plans

The Group and subsidiary companies incorporated in Malaysia make contributions to a statutory provident fund and recognise the contribution payable:

(i) after deducting contributions already paid as liability; and

(ii) as an expense in the financial year in which the employees render their services.

**Income Tax**

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

Deferred tax is accounted for using the "liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Property, Plant and Equipment and Depreciation**

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

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

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

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

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

| | |
|---|---|
| Buildings | 50 years |
| Computers and software | 33⅓% |
| Furniture, fittings and equipment | 10% |
| Motor vehicles | 20% |
| Kitchen equipment, bar equipment and utensils | 10% |
| Renovation | 11% - 15% |

At the end of each reporting period, the carrying amount of any item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation method are reviewed at the end of 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 items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

**Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements**

Property, plant and equipment acquired under hire-purchase arrangements are capitalised as property, plant and equipment and the corresponding obligations recorded as liabilities in the financial statements. The capital element of the lease instalments is applied to reduce the outstanding obligations whereas the interest element is charged against profit or loss so as to give a constant periodic rate of charge on the remaining balance outstanding at the end of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Fair values of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

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

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

**Impairment of Non-Financial Assets**

At the end of each reporting period, the Group reviews the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

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

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Investment in Subsidiary Companies**

A subsidiary company is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary company, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any.

On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

**Investment in an Associated Company**

Associated company is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the net profit or loss of the associated company is recognised in the profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associate company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is recognised immediately in profit or loss.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available management-prepared financial statements of the associated company are used by the Group in applying the equity method. Where the dates of the financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last annual financial statements available and management-prepared financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investment in associated company is stated at cost less accumulated impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Property Development Activities**

(a) Land held for property development

Land held for property development, stated at cost less accumulated impairment losses, if any, is classified as non-current assets when no development work has been carried out or where development activities are not expected to 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.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

Development properties on which development activities have commenced or where it can be demonstrated that the development activities can be completed within the normal operating cycle are classified as current assets.

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

When the financial outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

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 are probable of recovery.

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

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

Where revenue recognised in the profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under payables (within current liabilities).

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Construction Contracts**

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed todate bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

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

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

Amount due from contract customers represents the excess of cost incurred to date and portion of profit or loss attributable to work performed todate over progress billings while amount due to contract customers represents the excess of progress billings over costs incurred todate and portion of profit or loss attributable to work performed todate.

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get them ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as finance costs in profit or loss in the financial year in which they are incurred.

**Inventories**

Inventories mainly consist of completed development properties, trading merchandise, raw materials, packing materials, food, beverages and consumables, which are stated at the lower of cost and net realisable value.

The cost of completed development properties comprises cost of land and relevant development expenditure.

Costs of trading merchandise, packing materials, food, beverages and consumables comprise the original purchase price plus cost incurred in bringing the inventories to their present location and condition.

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

# NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Non-Current Assets Held for Sale**

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets (or all the assets and liabilities in a disposal group) are measured in accordance with applicable FRSs. On initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value) are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets held for sale are classified separately on the face of the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and

(b) its recoverable amount at the date of the subsequent decision not to sell.

**Provisions**

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

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

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

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

Provision for liquidated and ascertained damages in respect of projects undertaken by certain subsidiary companies is recognised based on the estimated claim in reference to the applicable sale and purchase agreements.

Provision for bumiputra quota penalties on non-compliance of bumiputra quotas is recognised based on estimated penalties imposed by local authorities.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial Instruments**

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

**(a) Financial Assets**

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and organised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**(i) AFS Financial Assets**

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investment or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed off or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

**(ii) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial Instruments (cont'd)**

**(a) Financial Assets (cont'd)**

Effective Interest Method (cont'd)

**(iii) Impairment of Financial Assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and an increase in the number of delayed payments in the portfolio past the average credit period.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

**(iv) Derecognition of Financial Assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial Instruments (cont'd)**

**(b) Equity Instruments and Financial Liabilities issued by the Group**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**(i) Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

**(ii) Financial Liabilities**

Financial liabilities of the Group, including borrowings are initially measured at fair value, net of transaction costs. It is subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

**(iii) Derecognition of Financial Liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Statements of Cash Flows**

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash without significant risk of changes in value.

**Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that are related to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Contingent Liabilities**

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

In the acquisition of subsidiary companies by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**Critical judgements made in applying accounting policies**

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

**(a) Classification between investment properties and land held for property development**

The classification between investment properties and land held for property development are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

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

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

**(b) Assets held for sale**

Land held for property development and investment in an associated company have been classified as assets held for sale as the management has committed to a plan to sell the assets at the end of the reporting period.

**(c) Contingent liabilities**

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

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)**

**Key sources of estimation uncertainty**

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

**(i) Impairment on land held for property development**

The Group determines whether land held for property development is impaired based on an estimation of the value-in-use of the subsidiary companies to which land held for property development is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the existing and future projects of the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The discount rate used is based on the Group's cost of fund.

**(ii) Depreciation of property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets as disclosed in Note 3. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(iii) Property development**

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

Significant judgement is exercised in determining the stage of completion, the extent of recovery of the property development costs incurred, the total estimated property development revenue and property development costs. The Group's judgement is based on past experience and by reference to work performed by specialists.

**(iv) Revenue from construction contracts**

Note 3 describe the revenue recognition and the use of percentage of completion method for construction contracts. The percentage of completion method requires the Group to make reasonably dependable estimates of progress towards completion of contracts and contract costs. If the Group was unable to make reasonably dependable judgements, the Group would not recognise any profit before a contract is completed, but would recognise a loss as soon as the loss becomes evident.

**(v) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be recognised. 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.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)**

**Key sources of estimation uncertainty (cont'd)**

**(vi) Income taxes**

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which the outcome is known.

**(vii) Allowance for doubtful debts**

The policy for allowance for doubtful debts of the Group is based on the evaluation of collectability and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of the customer. If the financial conditions of the customer which the Group deal with were to deteriorate, resulting in an impairment of its ability to make payments, additional allowance may be required.

**(viii) Valuation of investment properties**

Fair values for investment property are arrived at by reference to market evidence of transaction prices for similar properties, performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

**(ix) Provision for liquidated and ascertained damages**

Provision for liquidated and ascertained damages ("LAD") is in respect of projects undertaken by the Group and is recognised for expected LAD claims based on the terms of the applicable sale and purchase agreements. Significant judgement is required in determining the amount of provision for LAD to be made. The Group evaluates the amount of provision required based on past experience and the industry norm. As of 31 March 2013, the amount of provisions made for LAD is disclosed in Note 31.

**(x) Provision for bumiputra quota penalties**

Provision for bumiputra quota penalties is in respect of projects undertaken by the Group and is recognised for expected bumiputra quota penalties claims based on estimated penalties imposed by local authorities. Significant judgement is required in determining the amount of provision for bumiputra quota penalties to be made. The Group evaluate the amount of provision required based on past experience and the industry norm. As of 31 March 2013, the amount of provision made for bumiputra quota penalties is disclosed in Note 31.

# NOTES TO THE FINANCIAL STATEMENTS

## 5. REVENUE

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| Property development revenue | 250,518 | 268,713 |
| Sale of completed units | 16,331 | 8,810 |
| Others | 4,611 | 19 |
| | 271,460 | 277,542 |

## 6. SEGMENT REPORTING

(a) Reporting format

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

(b) Reportable segments

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 3.

For management purposes, the Group is organised into the following operating divisions:

| | | |
|---|---|---|
| Property development | : | Development of residential and commercial properties, and sale of development land |
| Construction | : | Construction of property development projects and other similar construction activities |
| Investment holding | : | Investment holding |
| Others | : | Retail space leasing and retail businesses, and restaurant operator |

(c) Allocation basis and inter-segment pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Inter-segment prices between reportable segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between reportable segments. These inter-segment transactions are eliminated on consolidation.

## 6. SEGMENT REPORTING (cont'd)

Information regarding the Group's reportable segments is presented below:

**The Group**
**2013**

| | Property development RM'000 | Construction RM'000 | Investment holding RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 266,849 | - | - | 4,611 | - | 271,460 |
| Inter-segment sales | - | 79,962 | - | - | (79,962) | - |
| | 266,849 | 79,962 | - | 4,611 | (79,962) | 271,460 |
| **Results** | | | | | | |
| Segment results | 59,363 | (81) | (1,127) | (5,854) | (9,612) | 42,689 |
| Interest income | 1,284 | 27 | 38 | - | - | 1,349 |
| Unallocated expenses: | | | | | | |
| - finance costs | | | | | | (1,093) |
| Profit before tax | | | | | | 42,945 |
| Income tax expense | | | | | | (12,450) |
| **Profit for the financial year** | | | | | | 30,495 |
| **Other information** | | | | | | |
| Segment assets | 724,597 | 54,757 | 1,806 | 20,124 | (43,019) | 758,265 |
| Assets held for sale | | | | | | 1,476 |
| Total assets | | | | | | 759,741 |
| Segment liabilities | 455,507 | 59,140 | 25,503 | 10,136 | (43,019) | 507,267 |
| Total liabilities | | | | | | 507,267 |
| Capital expenditure (Note 12) | 207 | 651 | - | 17,279 | - | 18,137 |
| Property, plant and equipment written off | 1 | - | - | - | - | 1 |
| Depreciation of property, plant and equipment (Note 12) | 485 | 422 | - | 740 | - | 1,647 |
| Non-cash expenses other than depreciation | 1,185 | 37 | - | - | (37) | 1,185 |

# NOTES TO THE FINANCIAL STATEMENTS

## 6. SEGMENT REPORTING (cont'd)

**The Group**
**2012**

| | Property development RM'000 | Construction RM'000 | Investment holding RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 277,542 | - | - | - | - | 277,542 |
| Inter-segment sales | 1,161 | 107,265 | - | - | (108,426) | - |
| | 278,703 | 107,265 | - | - | (108,426) | 277,542 |
| **Results** | | | | | | |
| Segment results | 31,275 | (1,441) | (679) | 8,612 | (1,157) | 36,610 |
| Interest income | 1,089 | 163 | 64 | 16 | (262) | 1,070 |
| Unallocated expenses: | | | | | | |
| - finance costs | | | | | | (1,738) |
| Profit before tax | | | | | | 35,942 |
| Income tax expense | | | | | | (3,812) |
| **Profit for the financial year** | | | | | | 32,130 |
| **Other information** | | | | | | |
| Segment assets | 701,583 | 51,128 | 1,652 | 996 | (44,597) | 710,762 |
| Assets held for sale | | | | | | 3,695 |
| Total assets | | | | | | 714,457 |
| Segment liabilities | 452,985 | 58,012 | 25,271 | 807 | (44,597) | 492,478 |
| Total liabilities | | | | | | 492,478 |
| Capital expenditure (Note 12) | 286 | 124 | - | - | - | 410 |
| Property, plant and equipment written off | 1,350 | - | - | - | - | 1,350 |
| Land held for property development written off (Note 16) | 1,756 | - | - | - | - | 1,756 |
| Depreciation of property, plant and equipment (Note 12) | 825 | 331 | - | - | - | 1,156 |
| Non-cash expenses other than depreciation | 9,167 | 261 | - | 584 | (261) | 9,751 |

# NOTES TO THE FINANCIAL STATEMENTS

## 7. COST OF SALES

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Property development costs | 182,120 | 206,309 |
| Cost of completed units sold | 7,950 | 4,323 |
| Others | 2,291 | 29 |
| | 192,361 | 210,661 |

## 8. FINANCE COSTS

The finance costs of the Group are made up of the following:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Interest expense on: | | |
| - term loans | 858 | 3,323 |
| - bridging loan and revolving murabahah short term financing facility | 3,835 | 1,413 |
| - interest imputed on interest free financial liability - retention sums | 36 | 361 |
| - interest imputed on interest free financial liability - landowner's entitlement | 19,623 | 10,527 |
| - bank overdrafts | 113 | 421 |
| - hire-purchase | 86 | 90 |
| | 24,551 | 16,135 |
| Less: Finance charges capitalised on property development costs: | | |
| - Interest imputed on interest free financial liability (Note 19) | (19,623) | (10,527) |
| - Interest expense capitalised in property development costs (Note 19) | (3,835) | (3,870) |
| | 1,093 | 1,738 |

# NOTES TO THE FINANCIAL STATEMENTS

## 9. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at:

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **After charging:** | | | | | |
| Auditors' fee: | | | | | |
| - current year | | 276 | 218 | 70 | 60 |
| Allowance for doubtful debts: | | | | | |
| - trade | | - | 180 | - | - |
| - non-trade | | 123 | 26 | - | - |
| Depreciation of property, plant and equipment | 12 | 1,647 | 1,156 | - | - |
| Directors' remuneration: | | | | | |
| Fees: | | | | | |
| - payable by the Company | | 204 | 204 | 204 | 204 |
| Other emoluments: | | | | | |
| - payable by the Company | | 41 | 37 | 41 | 37 |
| - payable by the subsidiary companies | | 1,102 | 1,046 | - | - |
| Provision for liquidated and ascertained damages | 31 | 343 | - | - | - |
| Provision for bumiputra quota penalties | | 151 | 720 | - | - |
| Rental of premises | | 1,438 | 441 | - | - |
| Rental of equipments | | 79 | 34 | - | - |
| Pre-operating expenses | | 1,069 | - | - | - |
| Property, plant and equipment written off | | 1 | 1,350 | - | - |
| Staff costs* | | 10,269 | 7,930 | - | - |
| Bad debts written off | | - | 880 | - | - |
| Land held for property development written off | 16 | - | 1,756 | - | - |
| **And crediting:** | | | | | |
| Reversal of provision for liquidated and ascertained damages | 31 | - | 7,244 | - | - |
| Interest income imputed on interest free financial asset - long-term receivables | | 21 | 90 | - | - |
| Gain on disposal of property, plant and equipment | | 30 | 27 | - | - |
| Gain on disposal of assets held for sale | | - | 10,000 | - | - |
| Gain on disposal of a subsidiary company | | - | 537 | - | - |
| Interest income from: | | | | | |
| - late payment by purchasers | | 540 | 581 | - | - |
| - fixed deposits | | 403 | 191 | 38 | 64 |
| - others | | 406 | 298 | - | - |
| Allowance for doubtful debts no longer required | | 3 | - | - | - |
| Rental income | | 367 | 367 | - | - |
| Forfeiture of deposits | | - | 183 | - | - |
| Increase in fair value of investment properties | 13 | 350 | 250 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

## 9. PROFIT/(LOSS) BEFORE TAX (cont'd)

* Staff costs comprise:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Salaries and wages | 8,969 | 6,206 |
| EPF and SOCSO contributions | 911 | 870 |
| Others | 389 | 854 |
| | 10,269 | 7,930 |

The remuneration of key management personnel (including Directors of the Company) for the financial year was as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Short term employee benefits | 2,875 | 3,183 | 245 | 241 |
| Contributions to defined contribution plans | 322 | 339 | - | - |
| Benefits-in-kind | 149 | 105 | - | - |
| | 3,346 | 3,627 | 245 | 241 |

## 10. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Estimated tax payable: | | | | |
| - current year | 12,012 | 6,701 | - | - |
| - underprovision in prior years | 624 | 11,474 | - | - |
| | 12,636 | 18,175 | - | - |
| Deferred tax (Note 17): | | | | |
| - relating to origination and reversal of temporary differences | 527 | (8,322) | - | - |
| - underprovision in prior years | (713) | (6,041) | - | - |
| | (186) | (14,363) | - | - |
| | 12,450 | 3,812 | - | - |

**10. INCOME TAX EXPENSE (cont'd)**

The numerical reconciliations of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Profit/(Loss) before tax | 42,945 | 35,942 | (645) | (615) |
| Tax at statutory tax rate 25% | 10,736 | 8,986 | (161) | (154) |
| Tax effects in respect of: | | | | |
| - non-allowable expenses | 2,273 | 3,678 | 161 | 154 |
| - non-taxable income | (830) | (2,763) | - | - |
| Deferred tax assets not recognised | 360 | - | - | - |
| Utilisation of deferred tax assets previously not recognised | - | (11,521) | - | - |
| Underprovision in prior years | (89) | 5,432 | - | - |
| Income tax expense recognised in profit or loss | 12,450 | 3,812 | - | - |

The details of deferred tax assets not recognised of the Group are disclosed in Note 17(d).

**11. EARNINGS PER ORDINARY SHARE**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit attributable to the equity holders of the Company by the number of ordinary shares in issue during the financial year as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| Profit for the financial year attributable to the equity holders of the Company (RM'000) | 30,495 | 32,130 |
| Number of ordinary shares in issue ('000) | 227,338 | 227,338 |
| Basic earnings per ordinary share (sen) | 13.41 | 14.13 |

The Group does not have any convertible instruments as at the end of financial year and accordingly diluted earnings per share are not applicable.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. PROPERTY, PLANT AND EQUIPMENT

| The Group | Buildings RM'000 | Computers and software RM'000 | Furniture, fittings and equipment RM'000 | Motor vehicles RM'000 | Kitchen equipment, bar equipment and utensils RM'000 | Renovation RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| As of 1 April 2011 | 1,738 | 847 | 1,654 | 3,284 | - | 1,018 | 8,541 |
| Adjustment | - | 710 | - | 14 | - | - | 724 |
| Additions | - | 238 | 69 | 103 | - | - | 410 |
| Disposal | - | - | - | (181) | - | - | (181) |
| Written off | (1,600) | - | (108) | (160) | - | - | (1,868) |
| Derecognised on disposal of a subsidiary company | - | - | (213) | - | - | (64) | (277) |
| As of 31 March 2012/1 April 2012 | 138 | 1,795 | 1,402 | 3,060 | - | 954 | 7,349 |
| Additions | - | 920 | 1,467 | 678 | 2,511 | 12,561 | 18,137 |
| Disposal | - | - | - | (151) | - | - | (151) |
| Written off | - | - | (1) | - | - | - | (1) |
| As of 31 March 2013 | 138 | 2,715 | 2,868 | 3,587 | 2,511 | 13,515 | 25,334 |
| **Accumulated depreciation** | | | | | | | |
| As of 1 April 2011 | 309 | 452 | 959 | 1,444 | - | 889 | 4,053 |
| Adjustment | - | 710 | - | 14 | - | - | 724 |
| Charge for the year | 37 | 425 | 177 | 485 | - | 32 | 1,156 |
| Disposal | - | - | - | (181) | - | - | (181) |
| Written off | (250) | - | (108) | (160) | - | - | (518) |
| Derecognised on disposal of a subsidiary company | - | - | (118) | - | - | (65) | (183) |
| As of 31 March 2012/1 April 2012 | 96 | 1,587 | 910 | 1,602 | - | 856 | 5,051 |
| Charge for the year | 28 | 224 | 191 | 563 | 82 | 559 | 1,647 |
| Disposal | - | - | - | (151) | - | - | (151) |
| As of 31 March 2013 | 124 | 1,811 | 1,101 | 2,014 | 82 | 1,415 | 6,547 |
| **Net book value** | | | | | | | |
| 31 March 2012 | 42 | 208 | 492 | 1,458 | - | 98 | 2,298 |
| 31 March 2013 | 14 | 904 | 1,767 | 1,573 | 2,429 | 12,100 | 18,787 |

**12. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

(a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| Purchase of property, plant and equipment | 18,137 | 410 |
| Financed by hire-purchase arrangements | (574) | (93) |
| Cash payments on purchase of property, plant and equipment | 17,563 | 317 |

(b) Included in the net book value of property, plant and equipment of the Group are assets acquired under hire-purchase as follows:

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| Motor vehicles | 1,532 | 1,435 |

**13. INVESTMENT PROPERTIES**

| **The Group** | **Balance as of 1.4.2012 RM'000** | **Fair value adjustments (Note 9) RM'000** | **Balance as of 31.3.2013 RM'000** |
|---|---|---|---|
| **At fair value:** | | | |
| Leasehold land | 3,350 | 350 | 3,700 |
| Buildings | 900 | - | 900 |
| | 4,250 | 350 | 4,600 |

| **The Group** | **Balance as of 1.4.2011 RM'000** | **Fair value adjustments (Note 9) RM'000** | **Balance as of 31.3.2013 RM'000** |
|---|---|---|---|
| **At fair value:** | | | |
| Leasehold land | 3,100 | 250 | 3,350 |
| Buildings | 900 | - | 900 |
| | 4,000 | 250 | 4,250 |

# NOTES TO THE FINANCIAL STATEMENTS

**13. INVESTMENT PROPERTIES (cont'd)**

Fair values for investment properties are arrived at by reference to market evidence of transaction prices for similar properties, performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The investment properties of a subsidiary company with a carrying amount of RM4,600,000 (2012: RM3,350,000) have been charged as securities for credit facilities granted to the Group as disclosed in Note 27.

The unexpired lease period of leasehold land is 95 (2012: 96) years.

Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

| | The Group | |
|---|---|---|
| | **2013 RM'000** | **2012 RM'000** |
| Quit rent and assessment | 10 | 12 |
| Repairs and maintenance | - | 7 |

**14. INVESTMENT IN SUBSIDIARY COMPANIES**

| | The Company | |
|---|---|---|
| | **2013 RM'000** | **2012 RM'000** |
| Unquoted equity shares, at cost | 193,214 | 192,668 |
| Less: Impairment losses | (86) | (86) |
| | 193,128 | 192,582 |

The details of the subsidiary companies are as follows:

| **Name of company** | **Country of incorporation** | **Effective equity interest 2013 %** | **Effective equity interest 2012 %** | **Principal activities** |
|---|---|---|---|---|
| Exceed Concept Sdn. Bhd. | Malaysia | 100 | 100 | Project developer |
| Equine Park Stud Sdn. Bhd. | Malaysia | 100 | 100 | Property development |
| Kelab Taman Equine Sdn. Bhd. ("KTE") | Malaysia | 100 | 100 | Property development |
| Kuala Lumpur Industries Holdings Berhad | Malaysia | 100 | 100 | Dormant |
| Kuala Lumpur Industries Berhad | Malaysia | 100 | 100 | Dormant |
| Penaga Pesona Sdn. Bhd. | Malaysia | 100 | 100 | Property development |
| Syarikat Tenaga Sahabat Sdn. Bhd. | Malaysia | 100 | 100 | Property development |

**14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

| Name of company | Country of incorporation | Effective equity interest 2013 % | Effective equity interest 2012 % | Principal activities |
|---|---|---|---|---|
| Taman Equine Riding Sdn. Bhd. | Malaysia | 100 | 100 | Property development |
| Taman Equine (M) Sdn. Bhd. ("TEM") and its subsidiary companies: | Malaysia | 100 | 100 | Investment holding and property development |
| Parkamaya Sdn. Bhd. (formerly known as ER Concepts Sdn. Bhd.) | Malaysia | 100 | 100 | Retail space leasing and retail businesses |
| Equine Park Country Resort Sdn. Bhd. ("EPCR") | Malaysia | 100 | 100 | Property development |
| Permai Construction Sdn. Bhd. ("PCSB") | Malaysia | 100 | 100 | Construction |
| Pertanian Taman Equine Sdn. Bhd. | Malaysia | 100 | 100 | Property development |
| Taman Equine Industrial Sdn. Bhd. | Malaysia | 100 | 100 | Property development |
| Tujuan Ehsan Sdn. Bhd. | Malaysia | 100 | 100 | Property development |
| Pedoman Ikhtisas Sdn. Bhd. ("PISB") | Malaysia | 100 | 100 | Dormant |
| Versatile Flagship Sdn. Bhd. ("VFSB") and its subsidiary companies*: | Malaysia | 100 | - | Investment holding |
| Bright Express Sdn. Bhd. ("BESB") | Malaysia | 100 | - | Restaurant operator |
| Champion Vista Sdn. Bhd. ("CVSB") | Malaysia | 100 | - | Restaurant operator |
| Dekad Sinaran Sdn. Bhd. ("DSSB") | Malaysia | 100 | - | Dormant |
| Fame Action Sdn. Bhd. ("FASB") | Malaysia | 100 | - | Restaurant operator |
| Modern Treasures Sdn. Bhd. ("MTSB") | Malaysia | 100 | - | Restaurant operator |
| Prima Pengkalan Sdn. Bhd. ("Prima") | Malaysia | 100 | - | Restaurant operator |
| Vista Versatile Sdn. Bhd. ("VVSB") | Malaysia | 100 | - | Restaurant operator |

* Audited by a firm other than Deloitte KassimChan.

# NOTES TO THE FINANCIAL STATEMENTS

**14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

During the financial year,

(a) KTE increased its issued and paid-up ordinary share capital from RM153,947 to RM400,000 by way of issuance and allotment of 246,053 new ordinary shares of RM1 each at par which were fully subscribed by the Company by way of cash.

(b) The Company acquired the entire share equity of VFSB, a private limited company incorporated in Malaysia under the Companies Act, 1965 on 21 September 2012, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up, for a cash consideration of RM2.

(c) VFSB acquired the entire share equity of the following companies for a cash consideration of RM2 respectively:

(i) BESB, a private limited company incorporated in Malaysia under the Companies Act, 1965 on 9 October 2012, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up.

(ii) Prima, a private limited company incorporated in Malaysia under the Companies Act, 1965 on 5 October 2012, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up.

(iii) MTSB, a private limited company incorporated in Malaysia under the Companies Act, 1965 on 5 October 2012, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up.

(iv) CVSB, a private limited company incorporated in Malaysia under the Companies Act, 1965 on 9 October 2012, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up.

(v) FASB, a private limited company incorporated in Malaysia under the Companies Act, 1965 on 9 October 2012, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up.

(vi) VVSB, a private limited company incorporated in Malaysia under the Companies Act, 1965 on 15 October 2012, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up.

(vii) DSSB, a private limited company incorporated in Malaysia under the Companies Act, 1965 on 12 October 2012, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up.

(d) VFSB increased its issued and paid-up ordinary share capital from RM2 to RM300,000 by way of issuance and allotment of 299,998 new ordinary shares of RM1 each at par which were fully subscribed by the Company by way of cash.

(e) BESB increased its issued and paid-up ordinary share capital from RM2 to RM300,000 by way of issuance and allotment of 299,998 new ordinary shares of RM1 each at par which were fully subscribed by VFSB by way of cash.

(f) MTSB increased its issued and paid-up ordinary share capital from RM2 to RM300,000 by way of issuance and allotment of 299,998 new ordinary shares of RM1 each at par which were fully subscribed by VFSB by way of cash.

(g) Prima increased its issued and paid-up ordinary share capital from RM2 to RM500,000 by way of issuance and allotment of 499,998 new ordinary shares of RM1 each at par which were fully subscribed by VFSB by way of cash.

(h) PCSB increased its issued and paid-up ordinary share capital from RM800,000 to RM2,600,000 by way of issuance and allotment of 1,800,000 new ordinary shares of RM1 each at par which were fully subscribed by TEM by way of cash.

**14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

In 2012,

(a) EPCR increased its issued and paid-up ordinary share capital from RM2,600,000 to RM3,000,000 by way of issuance and allotment of 400,000 new ordinary shares of RM1 each at par which were fully subscribed by TEM by way of cash.

(b) On 10 November 2011, TEM entered into a share sale agreement with an independent third party to dispose its entire equity interest of 51% in Duta Security Sdn. Bhd. comprising 153,000 ordinary shares of RM1 each for a total consideration of RM80,000 which was received by TEM by way of cash.

(c) On 8 March 2012, TEM acquired the entire issued and paid-up share capital of PISB with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 2 ordinary shares have been issued and fully paid-up for a cash consideration of RM1,780.

Amount owing by/(to) subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

During the financial year, the Company acquired VFSB for a cash consideration of RM2. The financial effects of the acquisition are as follows:

| | **The Group 2013 RM'000** |
|---|---|
| Revenue | 4,055 |
| Cost of sales | (1,770) |
| Gross profit | 2,285 |
| Other operating income | 379 |
| Administration and marketing expenses | (5,005) |
| Other operating expenses | (510) |
| Loss before tax | (2,851) |
| Income tax expense | - |
| Decrease in the Group's net profit for the financial year | (2,851) |

Summary of effects of the acquisition on the financial position of the Group as of 31 March 2013:

| | **The Group 2013 RM'000** |
|---|---|
| Property, plant and equipment | 8,479 |
| Current assets | 2,528 |
| Current liabilities | (13,558) |
| Decrease in the Group's net assets | (2,551) |

# NOTES TO THE FINANCIAL STATEMENTS

**14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

The fair value of assets acquired and the liabilities assumed in the acquisition of the subsidiary company are as follows:

| | The Group 2013 RM'000 |
|---|---|
| Cash | 2 |
| Total purchase price | 2 |
| Less: Cash of subsidiary company acquired | - |
| Cash flows on acquisition net of cash acquired | 2 |

In 2012, TEM disposed of equity interest in Duta Security Sdn. Bhd., a subsidiary company. The financial effects of the disposal were as follows:

| | The Group 2012 RM'000 |
|---|---|
| Property, plant and equipment | 94 |
| Trade receivables | 136 |
| Other receivables | 9 |
| Amount owing by related companies | 67 |
| Cash and cash equivalents | 79 |
| Amount owing to immediate holding company | (97) |
| Amount owing to related companies | (689) |
| Other payables and accrued expenses | (56) |
| Net assets disposed off | (457) |
| Gain on disposal | 537 |
| Total consideration received from disposal | 80 |

| | The Group 2012 RM'000 |
|---|---|
| **Net cash inflow on disposal of a subsidiary company:** | |
| Cash and cash equivalents of subsidiary company disposed off | (79) |
| Less: Total consideration received from the disposal | 80 |
| | 1 |

# NOTES TO THE FINANCIAL STATEMENTS

## 15. OTHER INVESTMENT

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Unquoted equity shares in Malaysia, at cost | 1 | 1 |

## 16. LAND HELD FOR PROPERTY DEVELOPMENT

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| At beginning of the financial year | 185,054 | 179,386 |
| Additions during the financial year | 10,676 | 30,718 |
| Transferred to property development costs (Note 19) | (6,828) | (23,294) |
| Written off during the financial year | - | (1,756) |
| At end of the financial year | 188,902 | 185,054 |
| **At cost** | | |
| Long term prepaid lease payments for land | 132,859 | 132,030 |
| Development costs | 56,043 | 53,024 |
| | 188,902 | 185,054 |

Land held for property development of the Group amounting to RM167,604,396 (2012: RM91,373,867) has been charged to banks for credit facilities granted to the Group as disclosed in Notes 27 and 29.

As of 31 March 2013, certain land held for development with a total land cost of RM43,745,422 (2012: RM37,445,422) is in the process of being transferred to the name of subsiary company.

As of 31 March 2013, the unexpired lease period of the leasehold land is 90 years (2012: 91 years)

## 17. DEFERRED TAX (ASSETS)/LIABILITIES

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Presented after appropriate offsetting: | | |
| Deferred tax assets, net | (14,668) | (16,841) |
| Deferred tax liabilities, net | 21,177 | 23,536 |
| | 6,509 | 6,695 |

# NOTES TO THE FINANCIAL STATEMENTS

**17. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)**

(a) The movement in deferred tax assets and liabilities during the financial year is as follows:

| | The Group | |
|---|---|---|
| | **2013 RM'000** | **2012 RM'000** |
| At beginning of financial year | 6,695 | 21,058 |
| Recognised in profit or loss (Note 10): | | |
| - crystallisation of surplus on revaluation of long term leasehold land in subsidiary companies that is reflected as cost to the Group | (2,350) | (7,804) |
| - property, plant and equipment | (9) | (4) |
| - provisions | 1,201 | 6,578 |
| - unabsorbed capital allowances | 114 | (114) |
| - unutilised tax losses | 858 | (13,019) |
| | (186) | (14,363) |
| At end of financial year | 6,509 | 6,695 |

(b) The components and movements of deferred tax liabilities at end of the financial year are as follows:

| **The Group** | **Property, plant and equipment RM'000** | **Revaluation surplus* RM'000** | **Total RM'000** |
|---|---|---|---|
| **2013** | | | |
| At beginning of financial year | 77 | 23,459 | 23,536 |
| Recognised in profit or loss | (9) | (2,350) | (2,359) |
| At end of financial year | 68 | 21,109 | 21,177 |
| **2012** | | | |
| At beginning of financial year | 81 | 31,263 | 31,344 |
| Recognised in profit or loss | (4) | (7,804) | (7,808) |
| At end of financial year | 77 | 23,459 | 23,536 |

* These are surplus on revaluation of investment properties, land held for property development, property development costs and inventories that are reflected as the cost of the Group.

**17. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)**

(c) The components and movements of deferred tax assets at end of the financial year are as follows:

| The Group | Provisions RM'000 | Unutilised tax losses RM'000 | Unabsorbed capital allowances RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2013** | | | | |
| At beginning of financial year | 3,708 | 13,019 | 114 | 16,841 |
| Recognised in profit or loss | (1,201) | (858) | (114) | (2,173) |
| At end of financial year | 2,507 | 12,161 | - | 14,668 |
| **2012** | | | | |
| At beginning of financial year | 10,286 | - | - | 10,286 |
| Recognised in profit or loss | (6,578) | 13,019 | 114 | 6,555 |
| At end of financial year | 3,708 | 13,019 | 114 | 16,841 |

(d) The amounts of temporary differences, unused tax credits and unused tax losses for which no deferred tax assets have been recognised in the financial statements due to uncertainty of its realisation are as follows:

| | The Group 2013 RM'000 | The Group 2012 RM'000 |
|---|---|---|
| Provisions | 4,898 | 5,373 |
| Unutilised tax losses | 15,720 | 13,718 |
| Unabsorbed capital allowances | 138 | 225 |
| | 20,756 | 19,316 |

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

The unused tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the subsidiary companies, subject to the agreement by the tax authorities.

# NOTES TO THE FINANCIAL STATEMENTS

## 18. INVENTORIES

| | The Group 2013 RM'000 | The Group 2012 RM'000 |
|---|---|---|
| Completed development properties: | | |
| - at cost | 11,909 | 11,666 |
| - at net realisable value | 1,172 | 5,242 |
| Others - at cost | 577 | - |
| | 13,658 | 16,908 |

Completed development properties of the Group amounting to RM5,177,526 (2012: RM8,920,295) have been charged to banks for credit facilities granted to the Group as disclosed in Notes 27 and 29.

## 19. PROPERTY DEVELOPMENT COSTS

| | The Group 2013 RM'000 | The Group 2012 RM'000 |
|---|---|---|
| At beginning of financial year | 562,202 | 423,618 |
| Costs incurred during the financial year: | | |
| - transferred from land held for property development (Note 16)* | 6,828 | 23,294 |
| - interest imputed on landowners' entitlement | 19,623 | 10,527 |
| - development costs | 160,869 | 193,708 |
| | 749,522 | 651,147 |
| Transferred to inventories | (4,123) | (3,737) |
| Reversal of completed projects | (199,257) | (85,208) |
| | 546,142 | 562,202 |
| Costs charged to profit or loss: | | |
| - previous years | (188,280) | (92,356) |
| - current year | (179,803) | (181,132) |
| - reversal of completed projects | 199,257 | 85,208 |
| | (168,826) | (188,280) |
| At end of financial year | 377,316 | 373,922 |
| Included in the property development costs are as follows: | | |
| - long term prepaid leasehold lands | 15,691 | 23,370 |
| - development costs | 121,867 | 67,780 |
| - landowners' entitlement | 239,758 | 282,772 |
| | 377,316 | 373,922 |

## 19. PROPERTY DEVELOPMENT COSTS (cont'd)

* Transfer from land held for property development consists of the following:

| | The Group 2013 RM'000 | The Group 2012 RM'000 |
|---|---|---|
| Land costs | 3,334 | 12,103 |
| Development costs | 3,494 | 11,191 |
| | 6,828 | 23,294 |

Interest amounting to RM3,834,849 (2012: RM3,869,471) are capitalised in the development costs of the Group at the rate of 7.88% (2012: 7.55%) per annum.

Property development costs of the Group amounting to RM371,452,561 (2012: RM84,721,754) have been charged to banks for credit facilities granted to the Group as disclosed in Notes 27 and 29.

## 20. TRADE AND OTHER RECEIVABLES AND DEPOSITS

### (a) Trade receivables:

| | The Group 2013 RM'000 | The Group 2012 RM'000 |
|---|---|---|
| Non-current: | | |
| Stakeholders' sum | 1,474 | 1,305 |
| Current: | | |
| Trade receivables | 55,803 | 42,035 |
| Less: Allowance for doubtful debts | (395) | (398) |
| | 55,408 | 41,637 |
| | 56,882 | 42,942 |

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. All amounts other than stakeholders' sum are classified as current assets.

The credit terms offered by the Group in respect of trade receivables (other than development land buyers) range from 14 to 30 days (2012: 14 to 30 days) from the date of invoice and progress billing. The amount outstanding from purchases, bears interest at rate ranging from 10% to 12% (2012: 10% to 12%) per annum.

The credit terms offered by the Group to development land buyers varies according to their respective sale and purchase agreements.

**20. TRADE AND OTHER RECEIVABLES AND DEPOSITS (cont'd)**

**(a) Trade receivables: (cont'd)**

At the end of the financial year, there were no customers which individually represent more than 10% of the total trade receivables balances.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor do they have a legal right to offset against any amounts owed by the Group to the counterparty.

**Movement in allowance for doubtful debts:**

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| At beginning of the financial year | 398 | 508 |
| Allowance made during the financial year | - | 180 |
| Amount no longer required during the financial year | (3) | - |
| Derecognised on disposal of a subsidiary company | - | (290) |
| At end of the financial year | 395 | 398 |

**Ageing of past due but not impaired:**

| | | |
|---|---|---|
| Past due < 2 months | 7,648 | 3,887 |
| Past due 2 - 4 months | 9,457 | 5,324 |
| Past due > 4 months | 11,666 | 12,310 |
| | 28,771 | 21,521 |

**Ageing of impaired:**

| | | |
|---|---|---|
| Past due > 4 months | 395 | 398 |

## 20. TRADE AND OTHER RECEIVABLES AND DEPOSITS (cont'd)

### (b) Other receivables and deposits:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other receivables | 18,648 | 17,796 | - | 2 |
| Deposits | 2,925 | 3,085 | 302 | 52 |
| Prepayments | 27 | 123 | 3 | 3 |
| | 21,600 | 21,004 | 305 | 57 |
| Less: Allowance for doubtful debts | (1,345) | (1,222) | - | - |
| | 20,255 | 19,782 | 305 | 57 |

Included in other receivables is an amount of RM14,297,110 (2012: RM12,096,605) owing by a former associate of the Group. The amount arose mainly from collections from purchasers received on behalf by the former associate.

The analysis of movement of allowance for doubtful debts

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| At beginning of the financial year | 1,222 | 1,198 |
| Allowance made during the financial year | 123 | 26 |
| Derecognised on disposal of a subsidiary company | - | (2) |
| At end of the financial year | 1,345 | 1,222 |

## 21. RELATED PARTY TRANSACTIONS

Significant related party disclosures during the financial year are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Remuneration paid to key management personnel (Note 9) | 3,346 | 3,627 | 245 | 241 |
| Sales of development properties to Directors, key management personnel and/or family member(s) and/or companies in which certain Directors have controlling interest | 3,695 | 11,605 | - | - |

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 22. FIXED DEPOSITS, CASH AND BANK BALANCES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits with licensed banks | 6,670 | 9,493 | 1,196 | 1,158 |
| Cash in hand and at banks | 10,106 | 12,987 | 36 | 375 |
| Housing Development Accounts | 23,196 | 8,948 | - | - |
| | 39,972 | 31,428 | 1,232 | 1,533 |

(a) Fixed deposits with licensed banks have maturity periods ranging from 3 to 12 months (2012: 6 to 12 months) and earn interest at the effective interest rates ranging from 3.00% to 3.20% (2012: 3.00% to 3.20%) per annum.

(b) Included in deposits with licensed banks are deposits pledged for bank guarantees and borrowings granted to the Group and the Company as disclosed in Note 27 as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits pledged with licensed banks | 6,670 | 4,493 | 1,196 | 1,158 |

(c) Bank balances held under Housing Development Accounts which are maintained in designated Housing Development Accounts pursuant to the Housing Development (Control and Licensing) Act, 1966 and Housing Development (Housing Development Account) Regulations, 1991 in connection with the Group's property development projects. The utilisation of these balances are restricted, before completion of the housing development and fulfilling all relevant obligations to the purchasers, the cash could only be withdrawn from such accounts for the purpose of completing the particular projects concerned.

(d) Information on financial risks of fixed deposits, cash and bank balances are disclosed in Note 33.

## 23. ASSETS HELD FOR SALE

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Land held for property development | - | 2,219 |
| Investment in an associated company | 1,476 | 1,476 |
| | 1,476 | 3,695 |

**23. ASSETS HELD FOR SALE (cont'd)**

(a) On 20 October 2008, Taman Equine (M) Sdn. Bhd., a subsidiary company entered into a share sale agreement with an independent third party to dispose of its entire 25% equity interest in its associated company, Batu Kawan Development Sdn. Bhd. (formerly known as Abad Naluri Sdn. Bhd.), for a total cash consideration of RM2.0 million. As of to date, the sale transaction is pending completion of the condition precedent relating to approval from the relevant authority.

(b) On 29 January 2010, Pertanian Taman Equine Sdn. Bhd., a subsidiary company entered into a sale and purchase agreement with an independent third party to dispose of a parcel of leasehold land with a carrying amount of RM81,304 for a total cash consideration of RM970,000. The said disposal had been completed during the financial year.

(c) On 11 August 2011, Taman Equine Industrial Sdn. Bhd., a subsidiary company entered into a sale and purchase agreement with an independent third party to dispose of a parcel of leasehold land and building with a carrying amount of RM1.6 million for a total cash consideration of RM2.0 million. The said disposal had been completed during the financial year.

**24. SHARE CAPITAL**

| | The Group and The Company | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| **Authorised:** | | |
| 500,000,000 ordinary shares of RM1.00 each | 500,000 | 500,000 |
| **Issued and fully paid-up:** | | |
| 227,338,321 ordinary shares of RM1.00 each | 227,338 | 227,338 |

**25. RESERVES**

**Retained earnings**

Distributable reserves are those available for distribution as dividends.

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividends would no longer be able to claim any tax credit.

Companies without Section 108 tax credit balance will automatically move to the single tier tax system on 1 January 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier tax system and disregard the tax credit or to continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending 31 December 2013 or until the tax credits are fully utilised, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be in the new system on 1 January 2014.

At the end of each reporting period, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividends, the Company has sufficient Section 108 tax credit to frank dividends out of its entire retained earnings as of 31 March 2013.

# NOTES TO THE FINANCIAL STATEMENTS

## 26. BORROWINGS - SECURED

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Current liabilities** | | | | |
| Bank loans | 25,000 | 27,860 | 25,000 | 25,000 |
| Hire-purchase creditors | 417 | 331 | - | - |
| Bank overdrafts | 903 | 5,004 | - | - |
| | 26,320 | 33,195 | 25,000 | 25,000 |
| **Non-current liabilities** | | | | |
| Bank loans | 43,470 | 12,638 | - | - |
| Hire-purchase creditors | 1,224 | 1,119 | - | - |
| | 44,694 | 13,757 | - | - |
| | 71,014 | 46,952 | 25,000 | 25,000 |
| **Total borrowings** | | | | |
| Bank loans (Note 27) | 68,470 | 40,498 | 25,000 | 25,000 |
| Hire-purchase creditors (Note 28) | 1,641 | 1,450 | - | - |
| Bank overdrafts (Note 29) | 903 | 5,004 | - | - |
| | 71,014 | 46,952 | 25,000 | 25,000 |

Information on financial risks of the borrowings is disclosed in Note 33.

The borrowings are denominated in Ringgit Malaysia.

The Group's bank loans bear interest at floating rate and hence, their carrying amounts approximate the fair values.

## 27. BANK LOANS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| <u>Secured</u> | | | | |
| Bridging loan I | - | 2,860 | - | - |
| Bridging loan II | 2,799 | 1,000 | - | - |
| Bridging loan III | 2,768 | - | - | - |
| Bridging loan IV | 32,903 | - | - | - |
| Term loan I | - | 1,638 | - | - |
| Term loan II | - | 10,000 | - | - |
| Term loan III | 5,000 | - | - | - |
| Revolving credit | 25,000 | 25,000 | 25,000 | 25,000 |
| Total (Note 26) | 68,470 | 40,498 | 25,000 | 25,000 |

**27. BANK LOANS (cont'd)**

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Borrowings are repayable as follows:** | | | | |
| Current | 25,000 | 27,860 | 25,000 | 25,000 |
| Non-current: | | | | |
| More than 1 year and less than 2 years | 29,429 | 7,638 | - | - |
| More than 2 years and less than 5 years | 14,041 | 5,000 | - | - |
| | 68,470 | 40,498 | 25,000 | 25,000 |

The Group and the Company have revolving credit, bridging loans, term loans and other banking facilities totaling RM369,000,000 and RM25,000,000 (2012: RM256,000,000 and RM25,400,000) respectively. These facilities bear interest rates ranging from 6.60% to 8.10% (2012: 7.60% to 8.10%) per annum.

The bank loans are secured as follows:

(a) a charge over investment properties of the Group amounting to RM4,600,000 (2012: RM3,350,000) as disclosed in Note 13;

(b) a charge over land held for property development of the Group amounting to RM166,117,027 (2012: RM89,725,542) as disclosed in Note 16;

(c) a charge over property development costs of the Group amounting to RM364,759,522 (2012: RM71,329,391) as disclosed in Note 19;

(d) a charge over inventories of the Group amounting to RM3,000,928 (2012: RM3,737,230) as disclosed in Note 18;

(e) a specific debenture over the Group's development projects;

(f) assignment of all proceeds derived from the proposed projects of certain subsidiary companies, including all moneys standing in credit in the Housing Development Accounts and Project Development Accounts opened and maintained or to be opened and maintained by the subsidiary companies subject to the provisions of the relevant regulations;

(g) assignment of all rights, interests and benefits arising from insurance policies, construction contracts, construction guarantees and performance bonds; and

(h) pledge of certain fixed deposits of the Group and of the Company as disclosed in Note 22.

The bank loans are repayable as follows:

(a) Bridging loan I : by way of 3 equal quarterly principal instalments of RM950,000 each, the first instalment to commence on 1 April 2012 or by way of redemption. The said loan has been fully settled during the financial year.

(b) Bridging loan II : by way of 8 equal quarterly principal instalments of RM3,750,000 each, the first instalment to commence on the first day of the 16th month from the date of full drawdown or by way of redemption.

(c) Bridging loan III : by way of 8 equal quarterly principal instalments of RM1,250,000 each, the first instalment to commence on the first day of the 16th month from the date of full drawdown or by way of redemption.

# NOTES TO THE FINANCIAL STATEMENTS

## 27. BANK LOANS (cont'd)

| | | | |
|---|---|---|---|
| (d) | Bridging loan IV | : | by way of 20 equal monthly principal instalments of RM2,000,000 each, the first instalment to commence on the 19th month from the date of its first release or by way of redemption. |
| (e) | Term loan I | : | by way of 12 equal quarterly principal instalments of RM1,000,000 each, the first instalment to commence after 24 months from date of the first drawdown or by way of redemption. The said loan has been fully settled during the financial year. |
| (f) | Term loan II | : | by way of 8 equal quarterly principal instalments of RM1,250,000 each, the first instalment to commence on the first day of the 16th month from the date of full drawdown or by way of redemption. |
| (g) | Term loan III | : | by way of 35 equal monthly principal instalments of RM139,000 each, the first instalment to commence on the 25th month from the date of first drawdown or by way of redemption. |
| (h) | Revolving credit | : | on the maturity date of each drawdown, the Company may elect to either repay part or full principal sum together with all interest due thereon or to roll-over the full principal sum or the balance of the principal sum not repaid for another interest period. |

## 28. HIRE-PURCHASE CREDITORS

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| Minimum hire-purchase payments: | | |
| - Within 1 year | 493 | 401 |
| - More than 1 year and less than 2 years | 461 | 365 |
| - More than 2 years and less than 5 years | 867 | 882 |
| | 1,821 | 1,648 |
| Less: interest-in-suspense | (180) | (198) |
| Total (Note 26) | 1,641 | 1,450 |

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM'000** | **RM'000** |
| *Repayable as follows:* | | |
| **Current liabilities:** | | |
| - Within 1 year | 417 | 331 |
| **Non-current liabilities:** | | |
| - More than 1 year and less than 2 years | 406 | 310 |
| - More than 2 years and less than 5 years | 818 | 809 |
| | 1,224 | 1,119 |
| | 1,641 | 1,450 |

The interest rate implicit in the hire-purchase obligations is 3.83% (2012: 3.83%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

## 29. BANK OVERDRAFTS

**The Group**

The bank overdrafts are secured by land held for property development, inventories and property development costs amounting to RM1,487,369 (2012: RM1,648,325), RM2,176,598 (2012: RM5,183,065) and RM6,693,039 (2012: RM13,392,363) as disclosed in Notes 16, 18 and 19 respectively.

## 30. TRADE PAYABLES AND OTHER PAYABLES AND ACCRUALS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Trade payables: | | | | |
| **Non-current:** | | | | |
| Land entitlement payable | 124,357 | 163,014 | - | - |
| Retention sums | 6,597 | 6,326 | - | - |
| | 130,954 | 169,340 | - | - |
| **Current:** | | | | |
| Trade payables | 102,922 | 73,633 | - | - |
| Retention sums | 13,833 | 8,053 | - | - |
| | 116,755 | 81,686 | - | - |
| | 247,709 | 251,026 | - | - |

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Other payables and accruals: | | | | |
| Other payables | 14,801 | 10,275 | - | - |
| Accruals | 34,595 | 41,432 | 280 | 271 |
| Deposits received | 6,959 | 4,077 | - | - |
| | 56,355 | 55,784 | 280 | 271 |

Trade payables comprise amounts outstanding for trade purchase and ongoing costs.

(a) The credit terms available to the Group in respect of current trade payables range from 30 to 60 days (2012: 30 to 60 days) from the date of invoice and progress claim.

(b) Included in accruals is the provision for tax penalty of RM667,524 (2012: RM2,236,206).

(c) Included in trade payables, the landowner's entitlement has been recorded at fair value on initial recognition and subsequently measured at amortised cost.

(d) In 2012, included in other payables and accruals was an amount of RM69,000 represented deposits received for purchase of development properties by related parties.

# NOTES TO THE FINANCIAL STATEMENTS

## 31. PROVISIONS

| | Provision for liquidated and ascertained damages RM'000 | Provision for bumiputra quota penalties RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| **The Group** | | | | |
| **2013** | | | | |
| At beginning of financial year | 7,302 | 18,335 | 3,727 | 29,364 |
| Provisions | 343 | 151 | 1,932 | 2,426 |
| Payments | (5,141) | (715) | (3,988) | (9,844) |
| At end of financial year | 2,504 | 17,771 | 1,671 | 21,946 |
| **The Group** | | | | |
| **2012** | | | | |
| At beginning of financial year | 22,844 | 17,193 | 1,072 | 41,109 |
| (Reversal)/Provisions | (7,244) | 6,927 | 3,130 | 2,813 |
| Payments | (8,298) | (5,785) | (475) | (14,558) |
| At end of financial year | 7,302 | 18,335 | 3,727 | 29,364 |

## 32. CASH AND CASH EQUIVALENTS

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Fixed deposits, cash and bank balances (Note 22) | 39,972 | 31,428 | 1,232 | 1,533 |
| Bank overdrafts (Note 26) | (903) | (5,004) | - | - |
| | 39,069 | 26,424 | 1,232 | 1,533 |
| Less: Fixed deposits pledged (Note 22 (b)) | (6,670) | (4,493) | (1,196) | (1,158) |
| | 32,399 | 21,931 | 36 | 375 |

## 33. FINANCIAL INSTRUMENTS

**Capital Risk Management**

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2012.

The capital structure of the Group and the Company consists of net debt (borrowings offset by deposits, cash and bank balances as disclosed in Notes 26 and 22 respectively) and equity. The Group is not subject to any externally imposed capital requirements.

**Gearing Ratio**

The gearing ratio at end of the reporting period is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Debt (i) | 71,014 | 46,952 | 25,000 | 25,000 |
| Less : Deposits, cash and bank balances | (39,972) | (31,428) | (1,232) | (1,533) |
| Net debt | 31,042 | 15,524 | 23,768 | 23,467 |
| Equity (ii) | 252,474 | 221,979 | 262,910 | 263,555 |
| Net debt to equity ratio (%) | 12 | 7 | 9 | 9 |

(i) Debt is defined as liabilities associated with borrowings as disclosed in Note 26.

(ii) Equity is defined as share capital and retained earnings/(accumulated losses).

**Significant Accounting Policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

**Categories of Financial Instruments**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| **Financial assets** | | | | |
| Available for sale: | | | | |
| Other investment | 1 | 1 | - | - |
| Loans and receivables: | | | | |
| Trade receivables | 56,882 | 42,942 | - | - |
| Other receivables | 17,303 | 16,574 | - | 2 |
| Refundable deposits | 2,925 | 3,085 | 302 | 52 |
| Amount owing by subsidiary companies | - | - | 136,730 | 137,811 |
| Fixed deposits, cash and bank balances | 39,972 | 31,428 | 1,232 | 1,533 |

# NOTES TO THE FINANCIAL STATEMENTS

**33. FINANCIAL INSTRUMENTS (cont'd)**

**Categories of Financial Instruments (cont'd)**

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Financial liabilities** | | | | |
| At amortised cost: | | | | |
| Trade payables | 247,709 | 251,026 | - | - |
| Other payables | 14,801 | 10,275 | - | - |
| Accruals | 34,595 | 41,432 | 280 | 271 |
| Deposits | 6,959 | 4,077 | - | - |
| Amount owing to subsidiary companies | - | - | 43,205 | 43,219 |
| Borrowings | 71,014 | 46,952 | 25,000 | 25,000 |

**Financial Risk Management Objectives**

The operations of the Group are subject to a variety of financial risk which includes interest rate risk, credit risk, and liquidity and cash flow risk.

The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

**(a) Interest Rate Risk Management**

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest-bearing deposits, hire-purchase creditors and borrowings.

The Group's and the Company's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate exposure is measured using sensitivity analysis as disclosed below:

Interest Rate Sensitivity Analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both borrowings and deposits with licensed bank at the end of the reporting period. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's profit/(loss) for the year would decrease/increase by RM313,065 (2012: RM180,045) and RM119,020 (2012: RM119,210) respectively. This is mainly attributable to the Group's and the Company's exposure to interest rates on borrowings and deposits with financial institutions.

**33. FINANCIAL INSTRUMENTS (cont'd)**

**Financial Risk Management Objectives (cont'd)**

**(b) Credit Risk Management**

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group.

The Group is exposed to credit risk mainly from its customer base, including trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. Trade receivables are monitored on an ongoing basis by the Group's credit control department.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade and other receivables, deposits with license banks and cash and bank balances.

**(c) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

Analysis of financial instruments by remaining contractual maturities

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

| The Group | Weighted average effective interest rate % | Within 1 year RM'000 | More than 1 year and less than 2 years RM'000 | More than 2 years and less than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2013** | | | | | |
| **Financial liabilities** | | | | | |
| **Non-interest bearing** | | | | | |
| Trade payables | 9.0 | 116,755 | 139,467 | 1,917 | 258,139 |
| Other payables | - | 14,801 | - | - | 14,801 |
| Accruals | - | 34,595 | - | - | 34,595 |
| Deposits | - | 6,959 | - | - | 6,959 |
| **Interest bearing** | | | | | |
| Borrowings: | | | | | |
| Bank loans | 7.9 | 25,158 | 35,153 | 14,506 | 74,817 |
| Hire-purchase creditors | 3.8 | 493 | 461 | 867 | 1,821 |
| Bank overdrafts | 9.1 | 986 | - | - | 986 |
| | | 199,747 | 175,081 | 17,290 | 392,118 |

# NOTES TO THE FINANCIAL STATEMENTS

**33. FINANCIAL INSTRUMENTS (cont'd)**

**Financial Risk Management Objectives (cont'd)**

**(c) Liquidity Risk Management (cont'd)**

Analysis of financial instruments by remaining contractual maturities (cont'd)

| The Group | Weighted average effective interest rate % | Within 1 year RM'000 | More than 1 year and less than 2 years RM'000 | More than 2 years and less than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2012** | | | | | |
| **Financial liabilities** | | | | | |
| **Non-interest bearing** | | | | | |
| Trade payables | 9.2 | 81,686 | 151,363 | 50,739 | 283,788 |
| Other payables | - | 10,275 | - | - | 10,275 |
| Accruals | - | 41,432 | - | - | 41,432 |
| Deposits | - | 4,077 | - | - | 4,077 |
| **Interest bearing** | | | | | |
| Borrowings: | | | | | |
| Bank loans | 7.7 | 28,076 | 9,218 | 5,123 | 42,417 |
| Hire-purchase creditors | 3.8 | 401 | 365 | 882 | 1,648 |
| Bank overdrafts | 8.3 | 5,420 | - | - | 5,420 |
| | | 171,367 | 160,946 | 56,744 | 389,057 |

| The Company | Weighted average effective interest rate % | Within 1 year RM'000 | More than 1 year and less than 2 years RM'000 | More than 2 years and less than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2013** | | | | | |
| **Financial liabilities** | | | | | |
| **Non-interest bearing** | | | | | |
| Accruals | - | 280 | - | - | 280 |
| Amount owing to subsidiary companies | - | 43,205 | - | - | 43,205 |
| Financial guarantee* | - | - | - | - | - |
| **Interest bearing** | | | | | |
| Borrowings | 7.6 | 25,158 | - | - | 25,158 |
| | | 68,643 | - | - | 68,643 |

# NOTES TO THE FINANCIAL STATEMENTS

## 33. FINANCIAL INSTRUMENTS (cont'd)

**Financial Risk Management Objectives (cont'd)**

**(c) Liquidity Risk Management (cont'd)**

Analysis of financial instruments by remaining contractual maturities (cont'd)

| The Company | Weighted average effective interest rate % | Within 1 year RM'000 | More than 1 year and less than 2 years RM'000 | More than 2 years and less than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2012** | | | | | |
| **Financial liabilities** | | | | | |
| **Non-interest bearing** | | | | | |
| Accruals | - | 271 | - | - | 271 |
| Amount owing to subsidiary companies | - | 43,219 | - | - | 43,219 |
| Financial guarantee* | - | - | - | - | - |
| **Interest bearing** | | | | | |
| Borrowings | 7.6 | 25,158 | - | - | 25,158 |
| | | 68,648 | - | - | 68,648 |

* At the end of the reporting period, it was not probable that the counterparties to financial guarantee contracts will claim under the contract. Consequently, the amount included is negligible.

**Fair Value**

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. The fair values of long-term financial assets and liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting date. There is no material difference between the fair values and carrying values of these assets and liabilities as of the reporting date. The Group's long-term loans bear interest at floating rates and hence their carrying amounts approximate fair values.

## 34. SUBSEQUENT EVENT

On 3 May 2013, Pedoman Ikhtisas Sdn. Bhd., a wholly-owned subsidiary of the Company and the Company entered into a Joint Development Agreement with Lembaga Getah Malaysia, for the development of all that pieces of freehold land held under Geran 20541 and Geran 13473, Lot 211 and Lot 5 respectively, Seksyen 88A, situated in Bandar and Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring a total area of approximately 23,271.79 square metres (5.748 acres).

# NOTES TO THE FINANCIAL STATEMENTS

## 35. CONTINGENT LIABILITIES - UNSECURED

| | The Company | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Corporate guarantee given to financial institutions for credit facilities granted to a subsidiary company | 191,000 | 63,533 |

## 36. CAPITAL COMMITMENTS

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM'000 | RM'000 |
| Capital expenditure in respect of acquisition of land - approved but not contracted for | 19,310 | 19,310 |

Under the Supplemental Agreement entered into between Batu Kawan Development Sdn. Bhd. (formerly known as Abad Naluri Sdn. Bhd.)("BKDSB") and Penang Development Corporation ("PDC") on 31 March 2011, BKDSB is entitled to execute the sale and purchase of Parcel 3A and Parcel 3B of land owned by PDC on or before 30 September 2013 or within 24 months from the date of vacant possession of Parcel 2B is ready to be delivered by PDC to BKDSB, whichever is the later, subject to the condition that the sale and purchase of Parcel 3A and 3B can only be effected upon Penaga Pesona Sdn. Bhd.'s completion of the low cost and low-medium cost housings in Parcel 1 and Parcel 2A.

The Board of Directors of the Company has approved the proposed capital expenditure in respect of acquisition of the said parcel of land at a cost of RM19.3 million.

## 37. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS/LOSSES

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

On 20 September 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 March 2013 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| **Total retained earnings/(accumulated losses) of the Group and the Company** | | | | |
| Realised | 44,639 | 3,064 | 35,572 | 36,217 |
| Unrealised | 16,787 | 18,410 | - | - |
| | 61,426 | 21,474 | 35,572 | 36,217 |
| Less: Consolidation adjustments | (36,290) | (26,833) | - | - |
| Total retained earnings/(accumulated losses) as per statements of financial position | 25,136 | (5,359) | 35,572 | 36,217 |

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

# STATEMENT BY DIRECTORS

The directors of **GLOBAL ORIENTAL BERHAD** (formerly known as Equine Capital Berhad), state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 37, which is not part of the financial statements, is prepared in all material aspects, 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 in accordance with a resolution
of the Directors,

**Y.A.M. DATUK SERI TENGKU AHMAD SHAH**
**IBNI ALMARHUM SULTAN SALAHUDDIN**
**ABDUL AZIZ SHAH**

**OTHMAN BIN MOHAMMAD**

Selangor Darul Ehsan
17 July 2013

# DECLARATION BY THE OFFICER
## PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **NG EEK MEEN**, the officer primarily responsible for the financial management of **GLOBAL ORIENTAL BERHAD** (formerly known as Equine Capital Berhad), do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

**NG EEK MEEN**

Subscribed and solemnly declared by the
abovenamed **NG EEK MEEN** at
**SELANGOR DARUL EHSAN** on
17th day of July, 2013.

Before me,

**COMMISSIONER FOR OATHS**

# ANALYSIS OF ORDINARY SHAREHOLDINGS
## AS AT 28 JUNE 2013

| | | |
|---|---|---|
| Authorised Share Capital | : | RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each |
| Issued and Paid-Up Share Capital | : | RM227,338,321 comprising 227,338,321 ordinary shares of RM1.00 each |
| Class of Shares | : | Ordinary shares of RM1.00 each |
| Voting Rights | : | Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held |
| Number of shareholders | : | 23,645 |

**Distribution of Ordinary Shareholders**

| Holdings | No. of holders | Total holdings | Percentage (%) |
|---|---|---|---|
| Less than 100 | 14,333 | 299,593 | 0.13 |
| 100 - 1,000 | 3,541 | 1,838,061 | 0.81 |
| 1,001 - 10,000 | 3,828 | 19,577,637 | 8.61 |
| 10,001 - 100,000 | 1,731 | 55,340,769 | 24.34 |
| 100,001 - 11,366,915# | 211 | 135,415,940 | 59.57 |
| 11,366,916* and above | 1 | 14,866,321 | 6.54 |

*Notes:*
*# Less than 5% of issued shares*
** 5% and above of issued shares*

**Substantial Shareholdings (Holding 5% or More of the Share Capital)**

| Shareholders | Direct | | Indirect | |
|---|---|---|---|---|
| | No. of shares | % | No. of shares | % |
| Indera Muhibbah Sdn Bhd | 14,900,000 | 6.55 | - | - |
| Duta Kembang Sdn Bhd | 14,866,321 | 6.54 | - | - |
| Othman bin Mohammad | - | - | (1) 27,403,936 | 12.05 |
| Lee Kwee Siong | - | - | (1) 27,403,936 | 12.05 |
| Baharum bin Harun | - | - | (1) 27,403,936 | 12.05 |
| How Wee Teck | 3,175,000 | 1.40 | (2) 14,900,000 | 6.55 |
| Gan Wei Pin | 1,690,000 | 0.74 | (2) 14,900,000 | 6.55 |
| Goh Chee Keen | - | - | (2) 14,900,000 | 6.55 |

*Notes:*
*(1) Deemed interested through Perharap Sdn Bhd, Temasya Permai Sdn Bhd, Duta Kembang Sdn Bhd and Insan Mayang Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.*

*(2) Deemed interested through Indera Muhibbah Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.*

# ANALYSIS OF ORDINARY SHAREHOLDINGS
## AS AT 28 JUNE 2013

**List of Directors' Interests**

| | Direct | | Indirect | |
|---|---|---|---|---|
| | **No. of shares** | **%** | **No. of shares** | **%** |
| YAM Datuk Seri Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah | - | - | - | - |
| Othman bin Mohammad | - | - | [(1)] 27,403,936 | 12.05 |
| Wee Beng Aun | - | - | - | - |
| Ta Wee Dher | - | - | - | - |
| Datuk Ahmad Zabri bin Ibrahim | - | - | - | - |
| Dato' Hamzah bin Md Rus | - | - | - | - |
| Wong Yuk Mou | - | - | - | - |

*Note:*

(1) *Deemed interested through Perharap Sdn Bhd, Temasya Permai Sdn Bhd, Duta Kembang Sdn Bhd and Insan Mayang Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.*

**List of Thirty (30) Largest Registered Ordinary Shareholders**

| | **Name** | **No. of shares held** | **Percentage (%)** |
|---|---|---|---|
| 1 | Duta Kembang Sdn Bhd | 14,866,321 | 6.54 |
| 2 | Indera Muhibbah Sdn Bhd | 10,000,000 | 4.40 |
| 3 | Insan Mayang Sdn Bhd | 10,000,000 | 4.40 |
| 4 | Public Invest Nominees (Tempatan) Sdn Bhd<br>Exempt AN for Phillip Securities Pte Ltd | 7,440,700 | 3.27 |
| 5 | Public Invest Nominees (Asing) Sdn Bhd<br>Exempt AN for Phillip Securities Pte Ltd | 5,884,850 | 2.59 |
| 6 | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Kian Jin | 5,010,000 | 2.20 |
| 7 | Indera Muhibbah Sdn Bhd | 4,900,000 | 2.16 |
| 8 | Ong Say Kiat | 4,081,300 | 1.80 |
| 9 | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Low Phuay Cheong | 2,930,000 | 1.29 |
| 10 | Lim Seng Chee | 2,655,000 | 1.17 |
| 11 | Liew Sze Fook | 2,287,700 | 1.01 |
| 12 | HDM Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Beh Soo Kiang | 2,147,000 | 0.94 |
| 13 | HDM Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Kim Hooi | 2,114,000 | 0.93 |

# ANALYSIS OF ORDINARY SHAREHOLDINGS
## AS AT 28 JUNE 2013

| | Name | No. of shares held | Percentage (%) |
|---|---|---|---|
| 14 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Khoo Kean Hock | 2,080,000 | 0.91 |
| 15 | HDM Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Shahrin bin Osman | 2,050,000 | 0.90 |
| 16 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ong Eng Seong | 2,050,000 | 0.90 |
| 17 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chow Dai Chin | 1,990,000 | 0.88 |
| 18 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Kim Hooi | 1,989,000 | 0.87 |
| 19 | Citigroup Nominees (Tempatan) Sdn Bhd<br>UBS AG Singapore for Thean Nam Yew | 1,950,600 | 0.86 |
| 20 | HDM Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Kalepa A/L P. Marathamuthu | 1,910,000 | 0.84 |
| 21 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Kalepa A/L P. Marathamuthu | 1,890,000 | 0.83 |
| 22 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Shahrin bin Osman | 1,870,000 | 0.82 |
| 23 | HDM Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for How Wee Teck | 1,780,000 | 0.78 |
| 24 | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Gan Wei Pin | 1,690,000 | 0.74 |
| 25 | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Shahrin bin Osman | 1,640,000 | 0.72 |
| 26 | Temasya Permai Sdn Bhd | 1,500,000 | 0.66 |
| 27 | ECML Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chow Dai Chin | 1,420,000 | 0.62 |
| 28 | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for How Wee Teck | 1,395,000 | 0.61 |
| 29 | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ong Eng Seong | 1,360,000 | 0.60 |
| 30 | Cartaban Nominees (Asing) Sdn Bhd<br>Exempt AN for Credit Industriel ET Commercial | 1,310,200 | 0.58 |
| Total | | 104,191,671 | 45.83 |

# GROUP PROPERTIES
## AS AT 31 MARCH 2013

**A. Development Properties**

| Registered/ Beneficial Owner | Location | Tenure | Remaining Land Area (acres) / Units | Usage | Net Book Value 31-Mar-13 RM'000 | Year of Acquisition |
|---|---|---|---|---|---|---|
| Taman Equine (M) Sdn Bhd | Pajakan Negeri 7397, Lot 53383 and Pajakan Negeri 7399, Lot 53386, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2093 | 52.0 | Residential development and nature reserve | 7,559 | 1994 |
| Equine Park Stud Sdn Bhd | Various subdivided lots on Pajakan Negeri 7401, Lot 53388, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2093 | 1.2 | Bungalow plots | 1,098 | 1994 |
| Kelab Taman Equine Sdn Bhd | HS(D) 221423, PT 51429, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2093 | 3.4 | Land held for mixed development with an office building | 16,712 | 1994 |
| Kelab Taman Equine Sdn Bhd | Pajakan Negeri 20583, Lot 66216 and Pajakan Negeri 20585, Lot 66223, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2093 | 17 units | Apartments and shop offices | 852 | 1994 |
| Pertanian Taman Equine Sdn Bhd | Pajakan Negeri 7402, Lot 53389, HS(D) 241754-241758, PT 56718, PT 56720-56723 and HS(D) 241557, PT 56521, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2093 | 56.1 | Mixed commercial and residential developments | 42,408 | 1994 |
| Taman Equine Riding Sdn Bhd | Pajakan Negeri 11291, Lot 64486 and HS(D) 272763-272784, PT 73973-73994, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2093 | 11.4 | Bungalow plots | 12,475 | 1994 |
| Taman Equine Industrial Sdn Bhd | HS(D) 256279, PT 78861, Part of HS(D) 256282, PT 78864, HS(D) 236747, PT 74867 and HS(D) 256277, PT 78859, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2093 and 2108 | 19.6 | Mixed commercial and residential developments | 25,630 | 1994 |
| Tujuan Ehsan Sdn Bhd | HS(D) 258562, PT 73892 and HS(D) 258563, PT 73895, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2108 | 5.4 | Mixed commercial and residential developments | 967 | 1999 |

# GROUP PROPERTIES
## AS AT 31 MARCH 2013

**A. Development Properties**

| Registered/ Beneficial Owner | Location | Tenure | Remaining Land Area (acres) / Units | Usage | Net Book Value 31-Mar-13 RM'000 | Year of Acquisition |
|---|---|---|---|---|---|---|
| Tujuan Ehsan Sdn Bhd | HS(D) 258559, PT 73889 and HS(D) 258564, PT 73896, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2108 | 7 units | Apartments and shop offices | 1,029 | 1999 |
| Tujuan Ehsan Sdn Bhd | HS(D) 228325, PT 54956, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2098 | 31 units | Apartments and shop offices | 1,797 | 1999 |
| Syarikat Tenaga Sahabat Sdn Bhd | HS(M) 8124, PT 16771; HS(M) 8215, PT 16867; HS(M) 8349, PT 17002 and HS(M) 8362, PT 17015, Mukim Ampang, District of Ulu Langat, Selangor Darul Ehsan | Leasehold expiring on 2080 | 0.6 | Residential developments | 346 | 1992 |
| Syarikat Tenaga Sahabat Sdn Bhd | Pajakan Negeri 20105, Lot 48400, Mukim Ampang, District of Ulu Langat, Selangor Darul Ehsan | Leasehold expiring on 2103 | 4 units | Apartments and shop offices | 317 | 1992 |
| Penaga Pesona Sdn Bhd | Various subdivided lots on HS(D) 45050, PT4977 and HS(D) 45491 - 45493, PT5251-5253, Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang | Leasehold expiring on 2104 | 114.8 | Mixed commercial and residential developments | 44,875 | 2004 |
| Penaga Pesona Sdn Bhd | Part of Lot 282 (formerly Lot 274), Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang | Leasehold (tenure pending alienation of land) | 126.0 | Mixed commercial and residential developments | 57,855 | 2011 |
| Penaga Pesona Sdn Bhd | Various subdivided lots on Pajakan Negeri 6569, Lot 1458 and Pajakan Negeri 6570, Lot 1459, Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang | Leasehold expiring on 2104 | 22 units | 2-storey terrace houses | 3,001 | 2004 |

**B. Other Property**

| Registered/ Beneficial Owner | Location | Tenure | Net Lettable Area (sq m) | Usage | Net Book Value 31-Mar-13 RM'000 | Approximate Age of Building |
|---|---|---|---|---|---|---|
| Taman Equine Industrial Sdn Bhd | Part of HS(D) 256282, PT 78864, Mukim Petaling, District of Petaling, Selangor Darul Ehsan | Leasehold expiring on 2108 | 3,044 | Single storey commercial building | 4,600* | 5 years |

* Investment property stated at fair value.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the **TWELFTH ANNUAL GENERAL MEETING** of Global Oriental Berhad will be held at GOB Home Gallery, Persiaran Equine Perdana, Taman Equine, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 28 August 2013 at 9.30 a.m.

**AGENDA**

1. To receive the Audited Financial Statements for the financial year ended 31 March 2013 and the Reports of the Directors and Auditors thereon (Please refer to Note 2).

2. To re-elect the following Directors who retire by rotation in accordance with Article 77 of the Company's Articles of Association:

   (i) Wee Beng Aun **(Ordinary Resolution No. 1)**

   (ii) Wong Yuk Mou **(Ordinary Resolution No. 2)**

3. To re-elect Ta Wee Dher who retires in accordance with Article 84 of the Company's Articles of Association. **(Ordinary Resolution No. 3)**

4. To re-appoint Datuk Ahmad Zabri bin Ibrahim who retires pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution No. 4)**

5. To approve directors' fees of RM204,000 for the financial year ended 31 March 2013. **(Ordinary Resolution No. 5)**

6. To re-appoint Messrs. Deloitte KassimChan as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution No. 6)**

*** Special business**

To consider and if thought fit, to pass the following resolutions:

7. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at any time, subject to the Articles of Association of the Company and approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary." **(Ordinary Resolution No. 7)**

# NOTICE OF ANNUAL GENERAL MEETING

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT approval be and is hereby given to the Company and its subsidiaries ("GOB Group") to enter into and give effect to recurrent related party transactions of a revenue or trading nature of the GOB Group with all classes of related parties as specified in the Circular to Shareholders dated 31 July 2013 which are necessary for the day to day operations in the ordinary course of business and are carried out at arm's length basis, on normal commercial terms of the GOB Group and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("ACT") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

**(Ordinary Resolution No. 8)**

By Order of the Board

**CHIN PEI FUNG (MAICSA 7029712)**
***Company Secretary***

31 July 2013
Seri Kembangan, Selangor Darul Ehsan

Notes:

1. Proxy

- A member entitled to attend and vote is entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

- There shall be no restriction as to the qualification of the proxy.

- If the member is a corporation, the Proxy Form must be executed under its Seal or under the hand of its attorney.

# NOTICE OF ANNUAL GENERAL MEETING

- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company situated at No. 1, Jalan Putra Permai 1A, Taman Equine, 43300 Seri Kembangan, Selangor Darul Ehsan, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

- Only members whose names appear in the Record of Depositors as at 21 August 2013 shall be entitled to attend and vote at the meeting or appoint proxies to attend and vote on their behalf.

2. This item of the Agenda is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965, the Audited Financial Statements do not require the formal approval of shareholders. Hence, this Agenda is not put forward for voting.

3. Ordinary Resolution 7

   The proposed Ordinary Resolution 7, if passed, will empower the Directors to issue shares (other than bonus or rights issue) of the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company at any time for such purposes as they considered would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

   The Company has not issued any new share pursuant to the mandate which was granted at the last Annual General Meeting held on 29 August 2012.

   The renewal of the general mandate is to provide flexibility to the Company to issue new shares for possible fund raising exercises, including but not limited to placement of shares, for the purpose of funding investment projects, working capital and/or acquisitions as the Directors may deem fit without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

4. Ordinary Resolution 8

   The proposed Ordinary Resolution 8, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature relating to sale of properties by GOB Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 31 July 2013 which is circulated together with the 2013 Annual Report.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

Details of the Directors standing for re-election at the Twelfth Annual General Meeting are set out in the Profile of Board of Directors in this Annual Report.

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# FORM OF PROXY

**Global Oriental Berhad**
(formerly known as Equine Capital Berhad)
(Company No. 543867-T)
(Incorporated in Malaysia)

| Number of Shares Held |
|---|
| |

*I/We …………………………………………………………………………………… NRIC No./Company No. ……………………………..
(FULL NAME IN CAPITAL LETTER)

of ……………………………………………………………………………………………………………………………………………………
(FULL ADDRESS)

being a member/members of GLOBAL ORIENTAL BERHAD (543867-T) hereby appoint …………………………………………………,
(FULL NAME IN CAPITAL LETTER)

NRIC No. …………………………… of ……………………………………………………………………………………………………………
(FULL ADDRESS)

or failing *him/her, ……………………………………………………………………………………………………………………………,
(FULL NAME IN CAPITAL LETTER)

NRIC No. …………………………… of ……………………………………………………………………………………………………………
(FULL ADDRESS)

……………………………………………………………………………………………………………………………………………………………

or failing *him/her, *the Chairman of The Meeting as *my/our proxy to attend and vote on *my/our behalf at the Twelfth Annual General Meeting of the Company to be held at GOB Home Gallery, Persiaran Equine Perdana, Taman Equine, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 28 August 2013 at 9.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote as he / she thinks fit.)

| | FOR | AGAINST |
|---|---|---|
| Ordinary Resolution 1 | | |
| Ordinary Resolution 2 | | |
| Ordinary Resolution 3 | | |
| Ordinary Resolution 4 | | |
| Ordinary Resolution 5 | | |
| Ordinary Resolution 6 | | |
| Ordinary Resolution 7 | | |
| Ordinary Resolution 8 | | |

Signed this ………….. day of ……………………………….. 2013

………………………………………………..
Signature/Common Seal of Member

Notes:-

1. A member entitled to attend and vote is entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. There shall be no restriction as to the qualification of the proxy.

4. If the member is a corporation, the Proxy Form must be executed under its Seal or under the hand of its attorney.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company situated at No. 1, Jalan Putra Permai 1A, Taman Equine, 43300 Seri Kembangan, Selangor Darul Ehsan, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

6. Only members whose names appear in the Record of Depositors as at 21 August 2013 shall be entitled to attend and vote at the meeting or appoint proxies to attend and vote on their behalf.

* Delete where applicable

please fold along this line (1)

Affix
Stamp

The Company Secretary

**GLOBAL ORIENTAL BERHAD**
(formerly known as Equine Capital Berhad)

No. 1, Jalan Putra Permai 1A,
Taman Equine, 43300 Seri Kembangan,
Selangor Darul Ehsan,
Malaysia.

please fold along this line (2)

**Global Oriental Berhad** (543867-T)
(formerly known as Equine Capital Berhad)

No. 1, Jalan Putra Permai 1A,
Taman Equine, 43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.

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Email : gob@gob.com.my

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