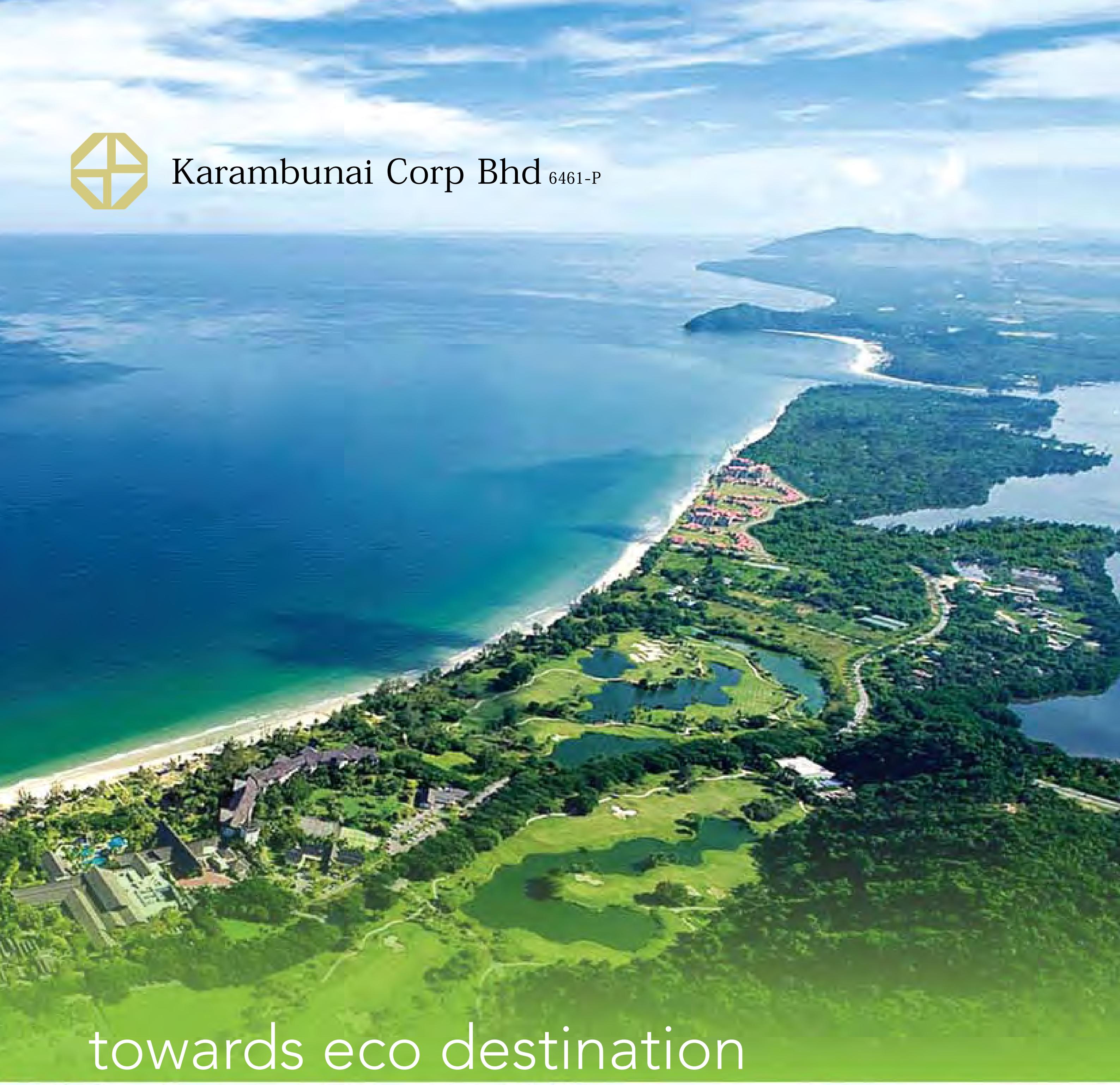


Karambunai Corp Bhd 6461-P

towards eco destination

Annual Report 2013

contents

corporate information

Board of Directors

Datuk Wan Kassim bin Ahmed
(Chairman, Independent Non-Executive Director)

Tan Sri Dr Chen Lip Keong
(President, Non-Independent Executive Director)

Chen Yiy Fon
(Chief Executive Officer, Non-Independent Executive Director)

Datuk Robin Loh Hoon Loi
(Non-Independent Executive Director)

Chen Yiy Hwuan
(Non-Independent Executive Director)

Dato' Dr Mohd Aminuddin bin Mohd Rouse
(Independent Non-Executive Director)

Lim Mun Kee
(Independent Non-Executive Director)

Company Secretaries

Chang Yuet Mei, MAICSA 0781552
Yew Nyuk Kwei, MACS 01247

Audit Committee

Datuk Wan Kassim bin Ahmed
(Chairman)

Dato' Dr Mohd Aminuddin bin Mohd Rouse

Lim Mun Kee

Remuneration Committee

Datuk Wan Kassim bin Ahmed
(Chairman)

Dato' Dr Mohd Aminuddin bin Mohd Rouse

Chen Yiy Fon

Nomination Committee

Datuk Wan Kassim bin Ahmed
(Chairman)

Dato' Dr Mohd Aminuddin bin Mohd Rouse

Registered Office

No. 9020, Nexus Drive West, Karambunai,
Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia
Tel : 088-411 111
Fax : 088-412 111

Registrars

Semangat Corporate Resources Sdn Bhd
Ground Floor, No. 118, Jalan Semangat
46300 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-79681001
Fax : 03-79588013

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Stock Code

3115

Auditors

UHY
Suite 11.05, Level 11, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Solicitors

Yap Chin & Tiu
Ben & Partners
Lim Guan Sing & Co

Principal Bankers

OCBC Bank Malaysia Berhad
CIMB Bank Berhad
Malayan Banking Berhad


MASSAGE HUT

corporate profile

Karambunai Corp Bhd ("KCB" or the "Company") was incorporated in Malaysia on 30 December 1965 and is listed on the Main Market of Bursa Malaysia Securities Berhad. KCB is principally engaged in the business of investment holdings and provision of management services. Its subsidiary companies are principally involved in leisure and tourism business comprising resort hotel operation and management, golf and country club operation and management, travel and tour agency, property development and construction.

KARAMBUNAI PENINSULA

KCB Group is a leading tourism player in Sabah, East Malaysia. Its flagship asset is the 1,500 acres of land in Karambunai Peninsula.

Karambunai Peninsula is located in the State of Sabah, which is part of the exotic island of Borneo. The island of Borneo is the third largest island in the world and the largest island in Asia well known for its beautiful mountain peaks and rich rainforests that offer dynamic experiences to travellers. Karambunai Peninsula is situated approximately 30 kilometres north-east of Kota Kinabalu City and lies within 3,835 acres of eco-sanctuary that is tucked away, yet, in the midst of civilisation. Blessed with a 6 kilometre stretch of white sandy beach, Karambunai is a piece of paradise on earth nestled by the South China Sea on one end, rolling hills in the center and a natural cove on the other end. Karambunai Peninsula is a natural perfection of white sandy beach, wetland, crystal blue cove, flatland, highland, rainforest and river.

Together with other landowners of Karambunai Peninsula, KCB Group plans to develop Karambunai Peninsula into a world-class eco-nature integrated resort ("IR"). It is an Entry Point Project under the Government of Malaysia's Economic Transformation Programme. KCB Group is now in the early stages of implementing the project and targets to launch the IR by phases.

Jewel in the crown, Karambunai Peninsula… *Some say it's Heaven*… will continue to be the focus of the Group's eco-tourism development in the coming years. Completed developments within Karambunai Peninsula include (a) **Nexus Resort & Spa Karambunai**, a 5-star luxury resort; (b) **Nexus Residences**, a luxury 243 units beachfront pool villas and spa suites; and (c) **Karambunai Golf Course**, a world-class 18-hole golf course.

NEXUS RESORT & SPA KARAMBUNAI

Nexus Resort & Spa Karambunai is a luxury 5-star 485-room international-class resort hotel, combining elements of modern architecture with heritage Borneo design and style. Its luxurious guestrooms are housed in the Ocean Wing and the Borneo Wing. The Ocean Wing features 243 Ocean Panorama Deluxe and Premier guestrooms, tastefully furnished and spread over 5 stories with private balconies offering panoramic views of the South China Sea and landscaped gardens. The Borneo Wing is a private enclave of seven villa-styled two-storey buildings offering 236 Sea and Garden view guestrooms. The resort also features six Royal and Presidential Villas in a discrete and exclusive setting with private gardens and private swimming pools tucked away on one end of the resort with the beginnings of the Karambunai beach. Nexus Resort enjoys all of the world-class facilities one would expect to find at a celebrated 5-star resort. It boasts a professional world-class golf course **(Karambunai Golf Course)**, is home to the exclusive award winning **Borneo Spa**, a recreational lagoon park and water sports center, a surrounding 30-hectare natural park, world-class award-winning restaurants, meetings, incentives, conventions and exhibitions facilities, and the serene 6 kilometre Karambunai white sandy beach.

NEXUS RESIDENCES

Encouraged by the success of the Nexus Resort & Spa Karambunai and to further enhance the quality and appeal of Nexus Resort Karambunai as the most luxurious holiday destination, 243 units of luxurious beachfront pool villas and Spa suites were developed to serve high end tourists. This exclusive beachfront property, popularly known as the **Villas & Suites at Nexus Resort Karambunai**, is located approximately 2 kilometres from the main Nexus Resort hotel and is seamlessly serviced by the hotel. Guests renting the pool villas or Spa suites can still enjoy room and limousine service, use the concierge service, order a bottle of champagne or book a massage. Designed with living areas and master bedrooms facing the South China Sea, the pool villas and Spa suites open to the stunning ocean view and impeccable natural beauty of lush greenery.

KARAMBUNAI GOLF COURSE

Karambunai Golf Course ("Karambunai Golf") is one of the premier golf courses in East Malaysia, specifically in Kota Kinabalu, Sabah. It is located within walking distance of Nexus Resort & Spa Karambunai. Designed by world renowned American golf course architect, Ronald Fream, Karambunai Golf is an international championship 18-hole golf course. Karambunai Golf has established itself as one of the most popular golf courses in Sabah due to its unique location. Nestled between a million year-old rainforest and the South China Sea, golfers also experience breathtaking views of Mount Kinabalu, the white sandy beach and challenging and enjoyable play. Over the years, Karambunai Golf has hosted many prestigious events and has won numerous awards including the reader voted award for the "Best Resort Golf Course in Malaysia", the "Best Golf Course in East Malaysia" and the "3rd Most Memorable Golf Course in Malaysia" in the 2007/2008 Golf Malaysia Magazine Poll.

BORNEO SPA

One of the first of its kind in East Malaysia the award winning health and wellness **Borneo Spa**, features its own private label blends of pure essential oils in aromatherapy massages, facials and signature treatments influenced by Borneo heritage and culture. The **Borneo Spa** inspires relaxation, rejuvenation and a harmonious equilibrium of body, mind and spirit through holistic treatments drawn from age-old traditions of natural healing from both the East and West. The Spa is equipped with 14 therapy rooms including 2 couple rooms for couples wishing to enjoy a massage together, each with its own private shower. A health bar, separate male and female Jacuzzis, sauna, steam bath facilities and relaxation pool offer further opportunity to unwind and relax. Rustic cabanas on the resort's beachfront offer an alternative outdoor massage environment with the sound of the waves and the sea breeze adding to the massage experience. The **Borneo Spa** continues to be recognised by its awards and its latest accolade was the "Best Luxury Medical/Wellness Spa 2012" by the World Luxury Spa Awards.

BANDAR SIERRA

KCB Group is also a major property developer in Kota Kinabalu, Sabah. Comprising of 415 acres Bandar Sierra is being developed into a mixed residential and commercial township development. Bandar Sierra is strategically located in the middle of a rapidly developing growth corridor. Approximately 30 minutes' drive from the Kota Kinabalu city center, it is also within close proximity to Universiti Malaysia Sabah, Sabah State's new Federal Administrative Center, 1 Borneo Shopping Mall and the Kota Kinabalu Industrial Park.

BUKIT UNGGUL ECO-MEDIA CITY

Over in Peninsular Malaysia, KCB Group owns 1,363 acres of land in Dengkil, Selangor which is being developed into a resort style mixed development known as Bukit Unggul Eco-Media City ("Bukit Unggul"). Located approximately 40 minutes drive from Kuala Lumpur city center, Bukit Unggul is situated within the country's Multimedia Super Corridor and is within close proximity to the Kuala Lumpur International Airport and the federal administrative center of Malaysia, Putrajaya. Completed developments in Bukit Unggul includes an 18-hole international class golf course and the Bukit Unggul Golf and Country Club. Designed by world renowned American golf course architect, Ronald Fream, **Bukit Unggul Golf Course** is well known for its unique setting amongst a mature rainforest spread over rolling hills and a serene valley ambience.

chairman's statement

Dear Shareholders,

On behalf of the Board of Directors of Karambunai Corp Bhd ("KCB" or the "Company"), I am pleased to present the annual report for the financial year ended 31 March 2013.

ECONOMIC REVIEW

In the year 2012, global economic growth moderated amidst a more challenging environment. In advanced economies growth was uneven with some countries remaining in recession. Unstable economic conditions in these advanced economies affected both international trade and domestic activity in emerging and developing countries. Despite the challenging global economic environment, the Malaysian economy performed better than expected in year 2012, with a higher growth of 5.6% (2011: 5.1%). The tourism industry remained one of the key economic growth sectors, contributing almost 12% to gross domestic product. The year 2012 recorded over 25 million tourist arrivals, contributing some RM60.6 billion in receipts, a remarkable year-on-year increase in tourist arrivals and receipts.

FINANCIAL PERFORMANCE

Overall, the Group saw an improvement in its financial performance. The Group's loss for the financial year was RM19.35 million on the back of RM95.60 million in revenue. This compares with a loss of RM42.61 million on revenue of RM149.16 million recorded in the previous financial year.

The Group's shareholders' funds stood at RM547.67 million as at the end of the current financial year, a decrease of 4.1% from RM571.30 million a year earlier. Net assets per share was at 26.98 sen as compared to 28.14 sen as at the end of previous financial year.

DIVIDEND

The Board does not recommend any dividend for the current financial year under review.

CORPORATE DEVELOPMENT

(1) On 6 December 2012, the Company announced that it will carry out a corporate exercise which includes, inter-alia, the following proposals:-

(a) Proposed capital reconstruction involving the cancellation of RM0.40 of the par value of every existing ordinary share of RM0.50 each in the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 and the credit arising therefrom to be offset against the accumulated losses of the Company ("Proposed Capital Reconstruction");

(b) Proposed renounceable rights issue of up to 507,514,920 new ordinary shares of RM0.10 each in the Company ("Rights Share(s)" or "KCB Shares") on the basis of one Rights Share for every four existing KCB shares held on an entitlement date to be determined later after the Proposed Capital Reconstruction, together with up to 1,015,029,840 free detachable warrants ("Warrants") on the basis of two Warrants for every one Rights Share subscribed ("Proposed Rights Issue with Warrants");

(c) Proposed settlement of debt owing to Tan Sri Dr Chen Lip Keong ("TSCLK"), a director of the Company, via the issuance of 2,899,831,854 new KCB Shares at an issue price of RM0.1111 per share ("Proposed Capitalisation to TSCLK"); and

(d) Proposed settlement of debt owing to FACB Industries Incorporated Berhad ("FACBII") via the issuance of KCB Shares at an issue price of RM0.1111 per share. The actual number of KCB Shares to be issued shall be determined at a later date based on the total debt owing which shall include any interest that may be accrued up to the date preceding the announcement of the entitlement date pursuant to the Proposed Rights Issue with Warrants ("Proposed Capitalisation to FACBII").

Barring unforeseen circumstances, the Board expects the proposed corporate exercise shall be completed in the fourth quarter of 2013.

(2) On 3 April 2013, the Group announced that Dapan Holdings Sdn Bhd, an indirect wholly-owned subsidiary of the Company, entered into ten separate sale and purchase agreements to dispose ten lots of vacant leasehold land in Bandar Sierra, KM 20, Jalan Tuaran, Kota Kinabalu, Sabah held under country lease 015414972 to Sinkong Construction Sdn Bhd for a total cash consideration of RM35.05 million. The completion of this disposal is pending the fulfillment of the terms and conditions of the sale.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to carrying out its business and development of an eco-nature integrated resort in Karambunai Peninsula in a socially responsible and sustainable manner, taking into consideration factors of environmental protection, ecological safety, community and social obligations, organisation and the workplace.

On environmental protection, the Group, as an established resort operator, has always adopted an environmentally friendly approach towards its resort operations. This includes policy implementation across the Group with objectives to minimise wastage, maximise energy-savings, efficient and safe waste management in the proper disposal of waste materials, recycling of used materials and adopting environmentally friendly best-practices wherever possible.

The Group is also committed to promote ecological safety in the development of its eco-nature integrated resort in Karambunai Peninsula. In designing the Karambunai masterplan, much consideration is being given to maintain and sustain the natural eco-system without adversely altering the natural dynamics of the living environment. Rather finding the appropriate path to showcase both nature and development in a complementary and synergistic manner.

On community and social obligations, the Group is involved in philanthropic activities including organising activities for less fortunate students, blood donation drives, contribution towards charity homes and the cleaning up of public beach. The engagement in social activities is the Group's way of showing appreciation to the local community in which we operate our businesses.

On organisation and in the workplace, the Group recognises the importance of its workforce as they play a pivotal role in bringing the Group to greater heights and sustainable growth. Key initiatives to further strengthen the organisation include providing a conducive working environment for our employees, nurturing and retaining quality employees, employees' training and development, diversity, employee welfare as well as health and safety.

FUTURE OUTLOOK

The Board is of the view that the prospects of the Malaysian economy are anticipated to remain positive amidst global challenges. The overall growth of the country will continue to be supported by its resilient domestic consumption and investments. The prospects for the State of Sabah are expected to be positive on the back of investment flows for the development of the State.

On the outlook of the tourism industry, it is anticipated that the tourism industry will experience another year of strong growth stimulated by government spending and initiatives for the tourism sector. This includes the "Visit Malaysia Year 2014" campaign which is expected to significantly boost tourist arrivals to the country. Given that Sabah is well known for its rich biodiversity, culture and heritage, the tourism industry in Sabah is expected to be one of the main beneficiaries. The Group's leisure and tourism segment is therefore expected to perform well riding on the growth of Sabah tourism.

On the outlook of the property market, the demand for residential and commercial properties is expected to remain stable. The government's initiatives to encourage development of low and medium range residential properties to improve homeownership bode well for the Group's development in Bandar Sierra.

The Group remains committed to its focus and vision as a leading resort operator and developer. Riding on the success of the development of Nexus Resort & Spa Karambunai, the Group plans to further enhance its leading position as the leading tourism player in Sabah by developing its land bank in Karambunai Peninsula into a world-class eco-nature integrated resort with the ultimate aim to position Karambunai as one of the most unique tourist destinations in the world.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to place on record our sincere thanks to our shareholders, customers, suppliers, financiers, business partners and regulators for their support, understanding and confidence in us, and to our employees and management for their untiring commitment and contributions. I would also like to thank our former chairman, YBhg Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, for his contributions to the Group over the years.

Thank you.

Datuk Wan Kassim Bin Ahmed
Chairman
29 July 2013

FINANCIAL PERFORMANCE REVIEW

KCB Group achieved revenue of RM95.60 million for the financial year ended 31 March 2013, a decrease of 35.9% from the RM149.16 million recorded in the previous financial year. The drop in revenue was due mainly to the lower revenue recorded in the property development and construction segment. The Group, however, recorded an improvement in the earnings before interest, taxation, depreciation and amortisation (EBITDA). The current financial year EBITDA stood at RM21.72 million. This compares to RM1.66 million EBITDA registered in the previous financial year. The better performance was attributed mainly to the write-back of a portion of the promissory note liability following a full and final settlement of the said promissory note during the year under review, lower financing cost and reversal of impairment loss on land held for property development, off-set by some one-off expenses. The Group's loss for the year narrowed to RM19.35 million from RM42.61 million recorded in the previous financial year.

On segmental performance, the Group's leisure and tourism segment revenue decreased slightly from RM63.27 million to RM59.83 million, representing a drop of approximately 5.4 %. This was due mainly to the marginal drop in the hotel occupancy and average room rate. The leisure and tourism segment, however, managed to narrow its loss for the financial year to RM17.52 million against RM32.48 million loss a year earlier. This represents an improvement of 46% attributed mainly to lower depreciation charge and financing cost, and better credit management which has resulted in lower bad debts. On the other hand, the property development and construction segment recorded a higher loss for the current financial year. Its segmental loss increased to RM20.38 million from RM2.34 million a year earlier. Higher loss was attributed to lower revenue coupled with higher cost incurred during the financial year.

On financial position, the Group's gearing ratio has improved significantly. The Group started a de-gearing exercise which saw its bank borrowings reduced from RM232.23 million, as at the beginning of the financial year, to only RM14.90 million as at the end of the current financial year. With the significant repayment in bank borrowings, the Group expects to see substantial interest saving in the ensuing financial years.

BUSINESS AND OPERATIONAL REVIEW

Leisure and Tourism

Nexus Resort & Spa Karambunai

Nexus Resort & Spa Karambunai ("Nexus Resort") is one of the key revenue drivers of the Group. It is recognised as a leading resort destination in Sabah and has, over the years, attracted many overseas travellers from Europe, Japan, South Korea, Taiwan, Hong Kong, China, Russia and Australia. During the year under review, Sabah tourist arrivals were affected by the rationalisation of international flights into Kota Kinabalu where direct flights from Seoul, Perth, Osaka and Tokyo were cut or reduced in early 2012. Nexus Resort saw its average occupancy rate drop to 59.9% for the financial year under review from 65.4% recorded in the previous financial year. To maintain its competitive position and market share, Nexus Resort has strategically priced a lower room rate during the financial year under review.

Karambunai Golf Course

For the year under review, Karambunai Golf Course ("Karambunai Golf") continues to be reputed as one of the top resort golf courses in Sabah and is a popular destination for golfers from Korea, China, Japan, Taiwan and Hong Kong. This spectacularly beautiful golf course is surrounded by nature and stretches from the low hills, gradually descending towards the beach. The tract's key characteristics are undulating fairways and well-contoured greens, across a series of small lakes, waterways and hillocks ingeniously crafted to add to its varying degree of difficulty. Karambunai Golf saw increase in tourist golfer arrivals during the year under review, generating higher rounds of golf play. Karambunai Golf ran a series of promotional packages during the year under review to encourage local residents' patronage. Nexus Fairway Card, a loyalty discount card programme aimed at improving the frequency of play, continued to receive good response. Karambunai Golf showed encouraging results for the year under review with a 15% improvement in utilisation rate. During the financial year, Karambunai Golf played host to several golf tournaments. This included the MALGA East meets West Golf, Sabah regional senior golf championship and Kejohanan golf M.S.S.M.

Property development and construction

Bandar Sierra Township

Its 415 acres of prime land in Bandar Sierra, Kota Kinabalu Sabah is being developed into a mixed residential and commercial township. The development is inspired by the demand for environmentally friendly living of this new millennium where modern amenities are created in harmony with its lush natural surroundings. The development is progressing well. 404 units of double storey terrace and semi-detached houses, 18 units of double storey shoplots and 644 units of 4-storey apartments have been completed so far. The Group plans to launch another four blocks of 4-storey apartment development in the third quarter of 2013. This new launch is expected to bring in RM48 million gross development value.

AWARDS AND ACHIEVEMENTS

The financial year under review continued to see the Group receiving recognitions for its service excellence as a leading tourism player. In May 2012, Borneo Spa was recognised as the "Best Luxury Medical / Wellness Spa 2012" by the World Luxury Spa Awards. Borneo Spa stood up to the demanding expectations of today's discerning spa-goers and its peers who are constantly looking for a new and refreshing experience where the bar of service excellence is continually growing. This award continues to place Borneo Spa in the forefront as a key player charting standards of quality and excellence in the spa industry in Kota Kinabalu, Sabah.

FUND RAISING EXERCISE

As mentioned in the corporate development section of the Chairman's statement, the Group is embarking on a corporate exercise aimed at putting the Group back on better financial footing while raising funds required for various working capital requirements and for the refurbishment and modernisation of Nexus Resort & Spa Karambunai.

The Proposed Capital Reconstruction will enable the Company to eliminate its accumulated losses which currently stand at RM476.35 million as at the end of the current financial year. The resulting elimination of the accumulated losses will be more reflective of the fundamentals of the Company and will facilitate the Group's objective to attain a stronger financial position moving forward. The Proposed Capital Reconstruction will also place the Company in a better position to distribute dividends when the Group returns to profitability in the future.

The Proposed Rights Issue with Warrants will enable the Company to raise funds required for various working capital requirements, amongst others, for refurbishing and modernisation of Nexus Resort & Spa Karambunai and for repayment to trade creditors and suppliers. The Proposed Rights Issue will, on a full subscription basis, raise immediate cash of approximately RM50.7 million. Upon the exercising of the Warrants the Company stands to receive additional funds of RM132.5 million.

The Company views that this remains the most appropriate avenue to raise funds at this point in time given its recent de-gearing. Further the Company is able to optimise the Group's capital structure and shareholders of the Company are given an opportunity to further increase their equity participation in the Company.

The Proposed Capitalisation to TSCLK and the Proposed Capitalisation to FACBII will allow the Group to capitalise the amount owing to its related parties reducing its debt level by approximately RM360 million without incurring a cash outlay.

The proposed corporate exercise constitutes a comprehensive scheme that will improve the Group's financial position while providing cash flows for its working capital requirements. Further the proposed corporate exercise will help the Group to build a stronger capital base to facilitate future fund-raising exercise, if required, to meet its expansion plan.

MOVING FORWARD

Moving forward, the Group will continue to focus on its core business in the leisure and tourism and property development segments. The Group will continue to review its business needs and capital expenditure plans so as to improve cash flows and revenues.

In the leisure and tourism segment, the Group plans a refurbishment exercise to update the Nexus Resort & Spa Karambunai product during the incoming financial year using part of the proposed rights issue proceeds. This refurbishment exercise will enable the Group to enhance the quality and appeal of Nexus Resort to a broader range of international leisure travellers.

The Group will also focus on yield and cost management so as to improve its financial performance and to stay competitive. On yield management, the Group will continue to refine the market mix of its customers and to strategically price its room rates to maximise overall revenues for its resort. Efforts will be taken to shift the present market mix from the tour/wholesale segment towards the FIT (free independent travellers) and MICE segments which provide better returns. The Group is encouraged with the commencement of commercial flights by Malindo Air to Kota Kinabalu in March 2013 and with Malaysia Airlines gradually resuming and adding more international flights into Kota Kinabalu. In line with the increased flight connectivity into Kota Kinabalu International Airport, the Group will map out complementary strategies to drive additional business by entering the relevant markets. The Group strives to train and maintain an experienced and service oriented team who are committed to uphold a high standard of service excellence so as to make our guests' stay a truly unique and memorable experience.

In the property development segment, the Group continues its development in the Bandar Sierra mixed development township. A new phase of apartments comprising four blocks of 4-storey apartments will be launched in the third quarter of 2013. The development of the multi-billion eco-nature integrated resort in Karambunai will also be the focus of the Group in the coming years. The integrated resort is designed to showcase the natural beauty of Karambunai while complementing carefully designed development components and tourist attractions and activities. Positioned as an eco-nature, education and entertainment integrated resort, the development is expected to be a high-yield project contributing to the economic growth and tourist arrivals of Sabah. The Group is optimistic that the development will bode well for the Group in the longer term in its core business of leisure and tourism and property development.

Chen Yiy Fon
Chief Executive Officer
29 July 2013

board of directors' profile

DATUK WAN KASSIM BIN AHMED
Chairman, Independent Non-Executive Director

- Aged 64, Malaysian
- Appointed to the Board on 20 October 1998. He was appointed as Chairman on 26 September 2012
- Chairman of the Audit, Remuneration and Nomination Committees
- Graduated with a Bachelor of Economics (Honours) from University of Malaya in 1973
- Began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad. Joined Shamelin Berhad for 10 years before starting own management consultancy firm, United Kadila Sdn Bhd in 1984. Served as a Councillor for the Petaling Jaya Town Council between 1987 and 1991 and as a Board member of the Malaysian Tourist Development Board from 1992 to 1996
- Currently, he is also an Independent and Non-Executive Director of FACB Industries Incorporated Berhad, Petaling Tin Berhad and Octagon Consolidated Berhad

TAN SRI DR CHEN LIP KEONG
President, Non-Independent Executive Director

- Aged 66, Malaysian
- Appointed to the Board on 31 January 1991
- Appointed as President on 1 August 2007
- Controlling shareholder of Karambunai Corp Bhd
- Bachelor of Medicine and Surgery from University of Malaya 1973 (M.B.B.S. Malaya) and extensive corporate, managerial and business experiences since 1976
- Controlling shareholder and Executive Director of FACB Industries Incorporated Berhad and controlling shareholder of Petaling Tin Berhad

CHEN YIY FON
Chief Executive Officer, Non-Independent Executive Director

- Aged 32, Malaysian
- Appointed to the Board as Director and Chief Operating Officer on 1 August 2007. He was appointed as Chief Executive Officer on 29 September 2010
- A member of the Remuneration Committee
- Graduated with a Bachelor of Arts in Economics from the University of Southern California, Los Angeles
- Previously worked in Morgan Stanley, Los Angeles, California and Credit Suisse First Boston, Singapore before joining Karambunai Resorts Sdn Bhd, a wholly-owned subsidiary of Karambunai Corp Bhd
- He also serves as Chief Executive Officer and Executive Director of Petaling Tin Berhad, Executive Director of FACB Industries Incorporated Berhad and also as a Director for subsidiaries of Karambunai Corp Bhd Group

DATUK ROBIN LOH HOON LOI
Non-Independent Executive Director

- Aged 52, Malaysian
- Appointed to the Board as Director and Chief Operating Officer of Karambunai Corp Bhd (KCB) on 1 May 2004
- Promoted as Chief Executive Officer on 1 August 2007. He relinquished his position as Chief Executive Officer on 29 September 2010
- Extensive experience in the hotel industry, property development and project management. Prior to joining the KCB Group, worked for an international hotel and a well-established property developer
- Was a former Deputy President of Sabah Housing and Real Estate Developers' Association and a Committee Member of the Malaysia Developers' Council of which he has served 12 years

board of directors' profile

DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE
Independent Non-Executive Director

- Aged 68, Malaysian
- Appointed to the Board on 9 October 2009
- A member of the Audit, Remuneration and Nomination Committees
- Graduated with a B.Sc (Hons) in Biochemistry from University Malaya in 1969 and obtained his Ph.D. in Biochemistry from the University of Adelaide in 1974
- Won numerous academic awards including the William Culross Award for Scientific Research from the University of Adelaide, International Foundation for Science Award from Sweden and the Fullbright Scholarship from USA
- An academician for 14 years having started as a lecturer in Universiti Pertanian Malaysia (now Universiti Putra Malaysia) in 1969 culminating his academic career as a dean and professor in Universiti Sains Malaysia in 1983
- Served Kumpulan Guthrie Berhad in year 1983 before joining Berjaya Group Berhad as its Group Executive Director in year 1994 and left Berjaya Group in September 1995 to become the Group Chief Executive Officer of Konsortium Perkapalan Berhad (now Konsortium Logistik Berhad) as well as the President and Chief Executive of PNSL Berhad
- Assumed in November 1997 the position of Executive Chairman, Indah Water Konsortium Sdn Bhd (IWK) and Deputy Chairman of its parent listed company, Prime Utilities Bhd, until the end of his tenure in October 2000
- Assumed from January 2001 the position of President & CEO of Malaysian Technology Development Corporation (MTDC), a venture capital company involved in the acquisition and transfer of technology, until the end of his tenure in December 2003
- Currently, sits on the Board of a number of public listed companies including Tanco Holdings Bhd, Ajiya Berhad, Managepay Systems Berhad and STAR Publications (M) Bhd and is also a Trustee of STAR Foundation, the charitable arm of the STAR. He is also a council member of Universiti Tunku Abdul Rahman (UTAR)

CHEN YIY HWUAN
Non-Independent Executive Director

- Aged 33, Malaysian
- Appointed to the Board on 1 August 2007
- Appointed as Executive Director on 30 November 2007
- Graduated with a Bachelor of Arts (Honours) in Accounting with Business Economics from Middlesex University, United Kingdom
- Serves as Director for several subsidiaries of Karambunai Corp Bhd Group and as an Executive Director of FACB Industries Incorporated Berhad

LIM MUN KEE
Independent Non-Executive Director

- Aged 46, Malaysian
- Appointed to the Board on 25 August 2010
- A member of the Audit Committee
- A member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA)
- He started his career with KPMG Peat Marwick in 1989 and obtained his professional qualification in 1995. He has over 20 years of experience in auditing, finance and accountancy field where he worked in several listed companies as an Accountant, Financial Controller and Head of Internal Audit.
- He also serves as an Independent Non-Executive Director of FACB Industries Incorporated Berhad and Petaling Tin Berhad

Other Information

1. Family Relationship
   Mr. Chen Yiy Hwuan and Mr. Chen Yiy Fon are the sons of Tan Sri Dr Chen Lip Keong.

   Save as disclosed above, none of the Directors have any family relationship with any Director of the Company.

2. Conflict of interest
   Tan Sri Dr Chen Lip Keong by virtue of his interest in privately owned companies and Petaling Tin Berhad, of which some of its subsidiaries are also involved in property development.

   Save as disclosed, none of the Directors have any conflict of interest with the Group.

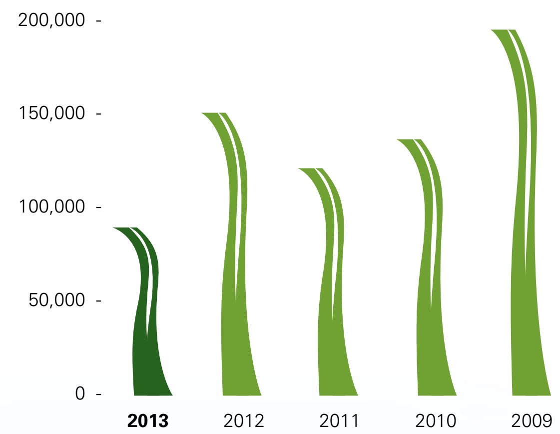
3. Conviction of Offences
   None of the Directors have any conviction for offences within the past ten (10) years other than traffic offences, if any.

financial summary

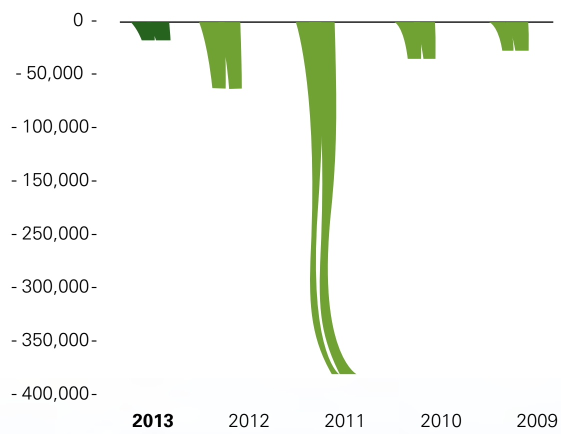
RM'000	2013	2012	2011	2010	2009
Turnover	**95,599**	149,158	125,288	139,677	198,390
Loss Before Taxation	**(10,001)**	(53,505)	(372,740)	(43,010)	(35,952)
Total Equity	**547,653**	571,288	698,779	769,612	805,660
Total Assets	**1,595,915**	1,589,435	1,836,389	1,755,969	1,789,546

RM					
Net Tangible Asset Per Share	**0.26**	0.27	0.34	0.37	0.39
Loss Per Share (sen)	**(0.95)**	(2.10)	(18.54)	(1.76)	(1.74)

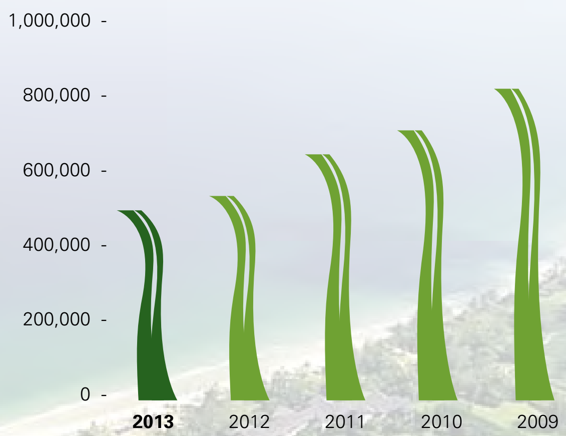
TURNOVER (RM'000)



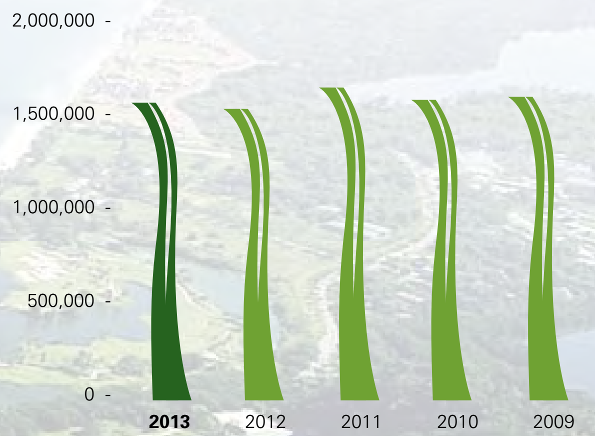
(LOSS) / PROFIT BEFORE TAXATION (RM'000)



TOTAL EQUITY (RM'000)



TOTAL ASSETS (RM'000)



our awards & accolades

- World Travel Association's choice as Malaysia's leading golf resort in 2005 & 2004
- Top Golf Course in East Malaysia 2007/2008
- One of three most memorable courses in Malaysia 2007/2008

2007

HAPA (Hospitality Asia Platinum Award) 2007-2008

i. Top 5 HAPA MICE Hotel of the Year
ii. Top 5 HAPA Golf Resort of the Year
iii. Top 10 HAPA Luxury Resort of the Year

2008

Fastbooking Asia Pvt. Ltd

Best Performance – Hotel Internet Revenue Malaysia Market

2008 - 2009

- **ASEAN Green Hotel Recognition Award**
- **ASEAN Green Hotel Standard Recognition Award 2008 - 2009**

2010

China Low Carbon Real Estate Award

- Model Villa

2010

Best Resort Spa by Malaysia Spa & Wellness Award 2009

March 2011

Best Resort Spa by Malaysia Spa & Wellness Award 2011

2011

World Luxury Spa Awards 2011

– Runner-Up

2011

South East Asia's Top 20 Resort Properties

our awards & accolades

2007
Sabah Tourism Awards 2007
Winner - Excellence in Hotel Services
(3, 4 & 5 Stars)

2007/2008
Best Resort Course in
Malaysia 2007/2008

2008
SAGA Holidays,
Travellers World
Good Food Award

2008
SAGA Holidays, Travellers World
Top Stay Award

June 2010
South East Asia's 20 Best
Resort Developments 2010

2008 - 2010
Regional Series, Top 5 HAPA Signature
Leisure & Recreation Resort
HAPA (Hospitality Asia Platinum Awards)

2011
- Malaysia's Best Restaurant's Noble House
- Malaysia's Best Restaurant's Olives

2012
World Luxury Spa Awards

2012
Sijil Pengiktirafan
Nexus Karambunai Golf Course

2012
Holidays With Kids Top 10 Family Resorts

The Board of Directors of Karambunai Corp Bhd is committed to its fiduciary responsibilities for sound corporate governance in its business management practices. Accordingly, the Board supports the Principles and Recommendations laid out in the Malaysian Code on Corporate Governance 2012 (the Code) where disclosures pursuant to the Code is mandated under paragraph 15.25 of the Bursa Securities Main Market Listing Requirements.

In particular, the Company has complied with the Recommendations of the Code save for the recommendation that the tenure of independent directors should not exceed a cumulative term of nine years and the recommendation for individual disclosure of directors' remuneration packages (as detailed in Other Compliances Statement of this Annual Report), whereas the ensuing paragraphs narrates how the Company has applied the Principles of the Code.

BOARD OF DIRECTORS

Board Charter

The Company has in place a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective board members and senior management.

The Board Charter provides a basis for good governance for effective functioning and accountability of the Company. It also ensures that the Company and its subsidiaries are effectively led and controlled with the Board of Directors having the ultimate responsibility for maintaining the highest standards of integrity, accountability and corporate governance and acting in the interest of the Company as a whole. In particular, it includes the division of responsibilities and powers between the Board and management, the different committees established by the Board, and between the Chairman and the CEO.

Finally, the Board Charter is updated from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations.

Board Responsibilities

The principal duties and responsibilities of the Board is to, effectively lead and control the Company. The Board is to oversee the performance of management in a collegial relationship that is supportive yet vigilant. It is also responsible for the Company's strategies, objectives, succession plan and accountability to shareholders.

The Board has clear roles and responsibilities in discharging its fiduciary and leadership functions and has established clear functions reserved for the Board and those that were delegated to the management which are embodied in the Board Charter.

All directors are to act in the best interest of the Company and shall disclose to the Board of any interest or potential interest as soon as he become aware of such interest.

Board Meetings

The Company is led and controlled by an experienced Board with a wide range of expertise. Board members' judgement has a bearing on strategies, performances, resources and standards. Five (5) Board meetings were held during the financial year ended 31 March 2013 (with details of attendance presented under Other Compliances Statement of this Annual Report). In between scheduled meetings and where appropriate, Board decisions may be effected via circular resolutions.

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Bursa Securities Main Market Listing Requirements (minimum 50% attendance).

Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and were circulated promptly to the Board members.

Board Composition

The Board currently consists of seven (7) members comprising four (4) Executive Directors and three (3) Non-Executive Directors. Among the Non-Executive Directors, all three (3) are Independent, hence more than a third of the Board is independent. Meanwhile, the Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. Executive Directors have direct responsibilities for business operations whereas Non-Executive Directors are responsible for bringing independent objective judgement to bear on Board deliberations.

The Board annually examines its size and composition with a view to determine the impact of the number and make up on its effectiveness. The Board believes that the current size and composition is ideal to provide the necessary check and balance to the Board's decision-making process. The profiles of the Directors is set out under Board of Directors' Profile of this Annual Report.

To ensure balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Board has formally identified Datuk Wan Kassim bin Ahmed as the Senior Independent Non-Executive Director to whom concerns may be raised.

Board Independence

The Board conducts an annual assessment of the independence of its Independent Non–Executive Directors and is satisfied that they continue to bring independent and objective judgment to Board deliberations.

The Company's Independent Non–Executive Director, namely, Datuk Wan Kassim bin Ahmed, having served more than 9 years, constitutes a departure from the Code recommendations. The Board is of the opinion that this director, as a result of his long tenure, possess valuable knowledge of the structure, controls and dynamics of the Company.

Consequently, pursuant to Recommendation 3.3 of the Code, the Board seek shareholders' approval to retain his designation as an independent director. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company as he continue to be scrupulously independent in the discharge of his duty as a constructive challenger of executive management.

The Board, therefore, recommends that Datuk Wan Kassim bin Ahmed should continue to serve as an Independent Non-Executive Director of the Company for another year.

Board Gender Diversity

The Board acknowledges the importance of board diversity, including gender diversity, to the effective functioning of the Board. Female representation will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives.

Continuing Education of Directors

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

Directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. During the financial year, the Directors attended an in-house training on the Competition Act 2010 and Personal Data Protection Act 2010.

Apart from the above, Board members were regularly updated on global developments and trends in Corporate Governance principles and best practices besides local regulatory and risk management framework.

Supply of Information

The directors have full and unrestricted access to all information pertaining to the Company's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specially reserved for the Board's decision to ensure that the direction and control of the Company is firmly in its hands. Prior to the Board meetings, the directors are provided with the agenda together with Board papers containing reports and information relevant to the business of the meeting.

Under appropriate circumstances the Directors may obtain independent professional advice at the Company's expense, in furtherance of their duties.

Company Secretary

The Company Secretary plays a supporting role to the Board to ensure adherence to the Board policies and procedure and compliances with the Bursa Securities Main Market Listing Requirements and other compliance regulations.

The Board of Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

Board Committees

The Board has delegated specific responsibilities to Board Committees which comprise the Audit Committee, Nomination Committee and Remuneration Committee. These committees operate within defined terms of reference and are limited to making recommendations to the Board for final decision on matters discussed and deliberated.

Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and were circulated promptly to the members of Board committees.

Appointments to the Board

The Board had established a Nomination Committee with appropriate terms of reference on 25 February 2002. The members of the Committee, currently comprising wholly of Independent Non-Executive Directors, are as follows:-

1. Datuk Wan Kassim bin Ahmed (Chairman)
2. Dato' Dr Mohd Aminuddin bin Mohd Rouse

The Nomination Committee is chaired by a Senior Independent Director identified by the Board, thereby enhancing the Committee's overall effectiveness.

The Nomination Committee established by the Board, is responsible for screening, evaluating and recommending suitable candidates to the Board for appointment as Directors, as well as filling the vacant seats of the Board Committees. In respect of the appointment of Directors, the Company practised a clear and transparent nomination process which involves the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, final deliberation by the Nomination Committee and recommendation to the Board.

The Nomination Committee has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board as a whole and the contribution of each individual director, including the Independent Non-Executive Directors. The Committee shall meet at least once a year. Additional meetings are held as and when required. During the financial year, the Committee met once on 20/02/2013.

Re-election

In accordance with the Company's Articles of Association, all directors are subject to retirement from office at least once in every three (3) years, but shall be eligible for re-election. This provision is not only consistent with the underlying principles of the Code, but also, fully in line with paragraph 7.26 (2) of the Bursa Securities Main Market Listing Requirements. The Articles also provide that any director appointed during the year is required to retire and seek re-election at the following Annual General Meeting immediately after such appointment.

The Directors who are subject to re-election at the AGM will be assessed by the Nomination Committee on their performance whereupon recommendations will be submitted to the Board for decision on the proposed re-election of the Directors concerned for shareholders' approval at the forthcoming AGM.

DIRECTORS' REMUNERATION

Procedure

The Board had established a Remuneration Committee with appropriate terms of reference on 25/02/2002. The primary objective of the Remuneration Committee is to assist the Board in developing and establishing competitive remuneration policies and packages in all its forms, while drawing advice from experts if deemed necessary. The Committee currently comprising a majority of Non-Executive Directors, are as follows:-

1. Datuk Wan Kassim bin Ahmed (Chairman)
2. Dato' Dr Mohd Aminuddin bin Mohd Rouse
3. Chen Yiy Fon

The Committee shall meet at least once a year. Additional meetings shall be scheduled if considered necessary by the Committee or Chairman. During the financial year, the Committee met once on 20/02/2013.

The Level and Make-up of Remuneration

The Committee's duty is to, inter-alia, review the remuneration framework and packages of newly appointed and existing Executive Directors and make recommendations to the Board for approval, with the underlying objective of attracting, motivating and retaining directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance, business strategy and long term objective of the Company.

In respect of Non- Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors abstain from discussion pertaining to their own remuneration.

Disclosure

The details of Directors' Remuneration for the financial year are summarised under Other Compliances Statement of this Annual Report.

SHAREHOLDERS

Dialogue Between Company and Shareholders

The Company recognises the importance of keeping shareholders well informed of the Group's major corporate developments and events. The Board had directed the Company to disclose all relevant information to shareholders to enable them to exercise their rights. Such information are duly and promptly announced via appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performance, issuance of circulars, press releases and holding of press conferences.

To further enhance transparency to all shareholders and stakeholders of the Company, the Group has established a website at www.karambunaicorp.com where shareholders can access information encompassing corporate information, financial highlights, annual reports, Bursa Malaysia Securities Berhad's announcements, and media updates.

The Annual General Meeting ('AGM')

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business.

The Company has taken active steps to encourage shareholder participation at general meetings such as serving notices for meetings earlier than the minimum notice period. The Chairman and members of the Board are available to respond to shareholders' queries during the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly announcements and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is also included in this Annual Report.

Internal Control

The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

Relationship with the Auditors

The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company's auditors and place great emphasis on the objectivity and independence of the Group's external auditor.

The roles of the Audit Committee in relation to the auditors in particular, and corporate governance in general, are detailed in the Audit Committee Report of this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2013.

statement on risk management and internal control

PREAMBLE

Pursuant to paragraph 15.26(b) of the Bursa Securities Main Market Listing Requirements, the Board of Directors is required to include in its Annual Report, a statement on the state of internal control of the Company. In making this Statement on Internal Control, it is essential to specifically address the Principles and Recommendations in the Malaysian Code on Corporate Governance ("the Code") which relate to internal control.

RESPONSIBILITY

The Board of Directors has overall stewardship responsibility for the Company's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The associated companies have not been dealt with as part of the Company for the purpose of this statement.

INTERNAL CONTROL FRAMEWORK

The embedded control system is designed to facilitate achievement of the Company's business objectives. It comprises the underlying control environment, control procedures, communication and monitoring processes which manifest as follows:-

- Organizational structure defining lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nomination and Remuneration Committees, the Board is supported by executive management operationally. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.

- Policies, procedures and standards have been established, periodically reviewed and updated in accordance with changes in the operating environment.

- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.

- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.

- Detailed justification and approval process for major projects and acquisitions imposed, to ensure congruence with the Company's strategic objectives.

- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Company's internal control systems, the Company regards risk management as an integral part of the business operations. The Company recognizes its responsibility over the principal risks of various aspects of the Company's business. For long term viability of the Company, the Board acknowledges that, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Company confirms that there is on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the achievement of the Company's business objectives via the establishment of an in-house structured risk management framework.

statement on risk management and internal control

RISK MANAGEMENT FRAMEWORK (Cont'd)

A Risk Advisory Committee (RAC) comprising senior management personnel responsible, inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 25/2/2002.

During the financial year, the RAC convened quarterly to monitor the Company's significant risks and recommended appropriate treatments. The Audit Committee facilitated by the internal audit function, establishes the adequacy and effectiveness of the Company's Risk Management Framework by regularly reviewing the resultant RAC risk registers.

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Company's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Company's risk management and internal control systems and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Company's major business sectors is routinely reviewed and approved by the Audit Committee.

The Board of Directors, through its Audit Committee, has reviewed the adequacy and effectiveness of the internal control systems and relevant actions have been or are being taken as the case may be, to remedy the internal control weaknesses identified from the reviews, which was largely based on the outcome of observations raised by internal auditors directly to the Audit Committee.

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Company's control environment and processes. The Chief Executive Officer and the Chief Financial Officer have provided assurance to the Board that the Company's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management and internal control frameworks of the Company. The management will continue and take measures to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders' investment and the Company's assets. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2013 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements.

PREAMBLE

Pursuant to paragraph 15.15 of the Bursa Securities Main Market Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.

COMPOSITION

The Group has an established Audit Committee since 19 October 1993. For the financial year, the members of the Audit Committee, their respective designations and directorships are as follows:-

- Datuk Wan Kassim bin Ahmed
  Chairman, Independent Non-Executive Director
- Dato' Dr Mohd Aminuddin bin Mohd Rouse
  Member, Independent Non-Executive Director
- Lim Mun Kee
  Member, Independent Non-Executive Director

TERMS OF REFERENCE

Purpose

The primary objective of the Audit Committee (as a standing-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Attendance at Meetings

The Head of Finance, the Head of Internal Audit and a representative of the External Auditors should normally attend meetings. The Company Secretary shall be the secretary of the Committee. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda. The Committee should meet with the external auditors, the internal auditors or both without executive board members and employees of the Group present, whenever deemed necessary.

Frequency of Meetings

The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and should record its conclusions whilst discharging its duties and responsibilities. The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

Quorum

The quorum for a meeting shall be two (2) members of whom a majority shall be Independent Directors.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

Duties

The duties of the Audit Committee include the following:-

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Board, focusing on:-
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements;
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- To review the external auditor's management letter and management's response;
- To do the following, in relation to the internal audit function:-
  - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointments or termination of senior staff members of the internal audit function; and
  - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- To consider any related party transactions and conflict of interest situation that may arise within the Group;
- To consider the major findings of internal investigations and management's response; and
- To consider other topics as defined by the Board.

DETAILS OF MEETINGS

The Audit Committee met five (5) times during the financial year and details of attendances are as follows:-

Datuk Wan Kassim bin Ahmed	5/5
Dato' Dr Mohd Aminuddin bin Mohd Rouse	5/5
Lim Mun Kee	5/5

During the financial year, relevant training attended by the above directors are detailed in the Statement on Corporate Governance of this Annual Report.

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

In discharging its responsibilities for the financial year, the Audit Committee, in particular:-

- Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- Deliberated over the internal audit and compliance reports, ensuring recommendations are carried out.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- Reviewed the Risk Advisory Committee report, ensuring adequacy and effectiveness of the Group's Risk Management Framework.
- Discussed and reviewed with the external auditors the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- Reviewed the Group's compliance with regards to the Bursa Securities Main Market Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Audit Committee is supported by an Internal Audit Department which reports directly to the Committee and is independent of the activities they audit. The costs incurred on this function which includes risk management and corporate governance was RM285,900 for the financial year.

During the financial year, the Internal Audit Department conducted, inter alia, the following activities:-

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- Analysed and assessed key business processes, report findings, and made recommendations to improve effectiveness and efficiency.
- Followed up on internal audit recommendations to ensure adequate implementation.
- Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Securities Main Market Listing Requirements and other regulatory requirements.
- Performed investigations and special reviews as requested by the Board and Management.
- Facilitated and reviewed the Group's risk management framework for adequacy and effectiveness in tandem with the business environment.

This report is made in accordance with a resolution of the Board of Directors dated 29 July 2013.

directors' responsibility statement

Pursuant to Paragraph 15.26(a) of the Bursa Securities Main Market Listing Requirements

The Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of the results of their operations and cashflows for that period.

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2013.

1. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held five (5) meetings, the attendance of which were as follows:-

	Directors	Attendance
1.	Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir *(resigned on 26/09/2012)*	1/3
2.	Tan Sri Dr Chen Lip Keong	5/5
3.	Datuk Wan Kassim bin Ahmed	5/5
4.	Chen Yiy Fon	5/5
5.	Datuk Robin Loh Hoon Loi	3/5
6.	Dato' Dr Mohd Aminuddin bin Mohd Rouse	5/5
7.	Chen Yiy Hwuan	3/5
8.	Lim Mun Kee	5/5

2. DIRECTORS' REMUNERATION

The aggregate remuneration of directors for the financial year is categorised as follows:-

Description	Fees RM	Salaries RM	Others RM	Total RM
Executive	36,000	1,078,800	108,197	1,222,997
Non - Executive	114,000	-	-	114,000
Total	**150,000**	**1,078,800**	**108,197**	**1,336,997**

The number of directors whose remuneration falls in each successive band of RM50,000 are as follows:-

Range (RM)	Executive	Non-Executive
50,000 & below	1	4
50,001 to 100,000	0	0
100,001 to 150,000	0	0
150,001 to 200,000	0	0
200,001 to 250,000	0	0
250,001 to 300,000	2	0
300,001 to 350,000	0	0
350,001 to 400,000	0	0
400,001 to 450,000	0	0
450,001 to 500,000	1	0
Total	**4**	**4**

The above disclosure is in compliance with the Bursa Securities Main Market Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code, which prescribes individual disclosure of directors' remuneration packages. The Board is of the opinion that individual disclosure would impinge upon the directors' reasonable right to privacy whilst not significantly enhancing shareholders' information.

3. UTILISATION OF PROCEEDS

As at 31 March 2013, the Company did not raise funds from any corporate proposal during the financial year.

4. SHARE BUY-BACKS

During the financial year, there were no share buybacks by the Company.

5. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company did not issue any Options, Warrants or Convertible Securities.

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

During the financial year, the Company did not sponsor any ADR or GDR programme.

7. SANCTIONS AND/OR PENALTIES

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

8. NON-AUDIT FEES

The non-audit fees paid to the external auditors by the Group and the Company for the financial year amounted to RM10,000.

9. VARIATION IN RESULTS

There is no material variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

10. PROFIT GUARANTEE

During the year, there was no profit guarantee given by the Company.

11. MATERIAL CONTRACTS

There were no material contracts entered by the Company and its subsidiaries involving directors' and major shareholders' interests other than those disclosed in the financial statements.

12. CONTRACTS RELATING TO LOAN

There were no contracts relating to loans by the Company.

13. REVALUATION POLICY

The Company had not adopted a regular revaluation policy on landed properties.

14. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no material recurrent related party transactions of a revenue nature during the year other than those disclosed in the financial statements.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2013.

financial statements

directors' report

The Directors hereby present 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 principal activities of the Company are investment holdings and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	19,353,196	1,041,875
Loss attributable to:		
Owners of the parent	19,348,992	
Non-controlling interest	4,204	
	19,353,196	

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Company is not in a position to pay or declare dividends for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Datuk Wan Kassim Bin Ahmed
Tan Sri Dr Chen Lip Keong
Chen Yiy Fon
Datuk Robin Loh Hoon Loi
Dato' Dr Mohd Aminuddin Bin Mohd Rouse
Chen Yiy Hwuan
Lim Mun Kee
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir (Resigned on 26 September 2012)

DIRECTORS' INTERESTS

The interests of the Directors in office as at the end of the financial year in the ordinary shares of the Company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965 are as follows:

	Number of Ordinary Shares of RM0.50 Each		
	At 1.4.12	**Purchased/ (Sold)**	**At 31.3.13**
The Company, Direct Interest			
Tan Sri Dr Chen Lip Keong	891,122,516	-	891,122,516

Tan Sri Dr Chen Lip Keong by virtue of his substantial interest in shares of the Company, Chen Yiy Hwuan and Chen Yiy Fon by virtue of shares held by their father, Tan Sri Dr Chen Lip Keong, are also deemed interested in the shares of the subsidiaries disclosed in Note 6 to the financial statements, to the extent the Company has an interest.

None of the other Directors held any share whether direct or indirect, in the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

  (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

  (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

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

(d) In the opinion of the Directors:

  (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and

  (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

  (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made except for the proposed corporate exercise as disclosed in Note 36(e) to the financial statements.

SIGNIFICANT EVENTS

Details of significant events arising during the financial year are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events arising after the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 July 2013.

DATUK WAN KASSIM BIN AHMED **CHEN YIY FON**

statement by directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 37 to 108 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and the cash flows for the financial year then ended.

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 July 2013.

DATUK WAN KASSIM BIN AHMED

CHEN YIY FON

statutory declaration

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

I, LIM KAM CHOY, being the officer primarily responsible for the financial management of KARAMBUNAI CORP BHD., do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 37 to 109 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
at PETALING JAYA in SELANGOR DARUL EHSAN on)
29 July 2013.)
)

LIM KAM CHOY

Before me,

S.AROKIADASS (B 390)
COMMISSIONER FOR OATHS

independent auditors' report

to the Members of Karambunai Corp Bhd.
(Company No.: 6461-P)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Karambunai Corp Bhd., which comprise the statements of financial position as at 31 March 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 108.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(d) to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred net losses of RM19,353,196 and RM1,041,875 respectively for the financial year ended 31 March 2013, and as at that date, the Group's and Company's current liabilities exceeded its current assets by RM684,149,204 and RM164,816,986 respectively.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concern. The financial statements have been prepared on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future having adequate funds to repay their obligations. The validity of this assumption depends upon the Group's operations to generate positive cash flow, the successful disposal of the non-current assets classified as held for sale and the successful implementation of future corporate restructuring and fund raising exercise to be undertaken by the Group in order to generate sufficient cash flow to repay their bank borrowings and creditors, and receiving continued support from their bankers, creditors and major shareholder.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
b) We have considered the financial statements and the auditors' report of all the subsidiary of which we have not acted as auditors which is indicated in Note 6 to the financial statements.
c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company is in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 109 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

(ii) The financial statements of the Group and of the Company for the financial year ended 31 March 2012 was audited by another auditor who expressed an unmodified opinion on those financial statements on 31 July 2012.

UHY
Firm Number: AF 1411
Chartered Accountants

LO KUAN CHE
Approved Number: 3016/11/14 (J)
Chartered Accountant

KUALA LUMPUR
29 July 2013

statements of financial position

As at 31 March 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**1,007,206,354**	1,001,043,712	**141,898**	178,219
Land held for property development	5	**447,729,229**	317,184,135	**-**	-
Subsidiaries	6	**-**	-	**814,834,646**	825,818,656
Available-for-sale financial assets	7	**130,000**	130,000	**60,000**	60,000
Capital work-in-progress	8	**-**	2,412,862	**-**	-
Deferred tax assets	9	**892,192**	892,192	**-**	-
Goodwill	10	**14,937,416**	14,937,416	**-**	-
		1,470,895,191	1,336,600,317	**815,036,544**	826,056,875
Current assets					
Property development costs	11	**7,158,841**	12,935,857	**-**	-
Inventories	12	**10,065,780**	12,662,758	**-**	-
Trade receivables	13	**19,996,871**	19,004,984	**-**	-
Other receivables	14	**6,882,660**	10,028,627	**116,109**	488,963
Amounts owing by subsidiaries	15	**-**	-	**322,083,939**	69,814,426
Fixed deposits with licensed banks	16	**1,807,558**	3,013,528	**-**	-
Cash and bank balances		**13,458,422**	5,712,531	**7,412,300**	756,890
		59,370,132	63,358,285	**329,612,348**	71,060,279
Non-current assets classified as held for sale	17	**65,649,977**	189,476,232	**-**	-
		125,020,109	252,834,517	**329,612,348**	71,060,279
TOTAL ASSETS		**1,595,915,300**	1,589,434,834	**1,144,648,892**	897,117,154

statements of financial position

As at 31 March 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**1,015,029,840**	1,015,029,840	**1,015,029,840**	1,015,029,840
Share premium		**111,535,799**	111,535,799	**111,535,799**	111,535,799
Reserves	19	**(578,894,345)**	(555,264,372)	**(476,346,081)**	(475,304,206)
Equity attributable to owners of the parent		**547,671,294**	571,301,267	**650,219,558**	651,261,433
Non-controlling interest		**(17,806)**	(13,602)	**-**	-
Total Equity		**547,653,488**	571,287,665	**650,219,558**	651,261,433
Non-current liabilities					
Hire purchase payables	20	**391,584**	780,594	**-**	-
Bank borrowings	21	**-**	7,297,038	**-**	-
Deferred tax liabilities	22	**238,700,915**	179,123,400	-	-
		239,092,499	187,201,032	**-**	-
Current liabilities					
Liabilities directly associated with non-current assets classified as held for sale	23	**-**	154,191,781	**-**	154,191,781
Trade payables	24	**109,281,140**	87,327,648	**-**	-
Other payables	25	**177,400,314**	159,047,005	**14,977,569**	20,038,023
Amount owing to a director	26	**422,618,768**	73,293,607	**422,618,768**	15,749,201
Amounts owing to subsidiaries	15	**-**	-	**56,537,672**	55,540,339
Hire purchase payables	20	**864,495**	1,561,645	**-**	-
Bank borrowings	21	**14,898,763**	224,929,951	**-**	-
Provisions	27	**6,484,060**	6,536,208	**94,919**	135,971
Taxation		**77,621,773**	124,058,292	**200,406**	200,406
		809,169,313	830,946,137	**494,429,334**	245,855,721
Total Liabilities		**1,048,261,812**	1,018,147,169	**494,429,334**	245,855,721
TOTAL EQUITY AND LIABILITIES		**1,595,915,300**	1,589,434,834	**1,144,648,892**	897,117,154

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

statements of comprehensive income

For the year ended 31 March 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	28	**95,599,365**	149,157,818	**-**	-
Direct costs	29	**(84,140,861)**	(120,585,663)	**-**	-
Gross profit		**11,458,504**	28,572,155	**-**	-
Other income		**81,789,004**	3,174,360	**57,347,055**	-
Selling and distribution costs		**(954,012)**	(2,898,418)	**-**	-
Administrative costs		**(31,030,643)**	(27,587,928)	**(6,701,493)**	(9,471,585)
Other costs		**(53,381,038)**	(21,974,203)	**(49,258,993)**	(26,861,920)
		(85,365,693)	(52,460,549)	**(55,960,486)**	(36,333,505)
Profit/(loss) from operations		**7,881,815**	(20,714,034)	**1,386,569**	(36,333,505)
Finance costs		**(17,882,664)**	(32,791,151)	**(2,428,444)**	(6,517,808)
Loss before tax	30	**(10,000,849)**	(53,505,185)	**(1,041,875)**	(42,851,313)
Income tax expense	31	**(9,352,347)**	10,894,611	**-**	-
Loss for the year		**(19,353,196)**	(42,610,574)	**(1,041,875)**	(42,851,313)
Other comprehensive income:					
Impairment loss of land and buildings		**-**	(118,336,666)	**-**	-
Foreign currency translation		**(98,721)**	(310,582)	**-**	-
Income tax relating to components of other comprehensive income	31	**(4,182,260)**	33,766,427	**-**	-
Other comprehensive income, net of tax		**(4,280,981)**	(84,880,821)	**-**	-
Total comprehensive income for the year		**(23,634,177)**	(127,491,395)	**(1,041,875)**	(42,851,313)

	Note	Group 2013 RM	Group 2012 RM
Loss attributable to:			
Owners of the parent		**(19,348,992)**	(42,596,972)
Non-controlling interest		**(4,204)**	(13,602)
		(19,353,196)	(42,610,574)
Total comprehensive income attributable to:			
Owners of the parent		**(23,629,973)**	(127,477,793)
Non-controlling interest		**(4,204)**	(13,602)
		(23,634,177)	(127,491,395)
Loss per ordinary share attributable to owners of the parent (sen)	32	**(0.95)**	(2.10)

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

consolidated statement of changes in equity

For the year ended 31 March 2013

	Attributable to Owners of the Parent							
	Non-distributable			Non-distributable				
	Share Capital RM	Share Premium RM	Accumulated Losses RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Total Equity Attributable to Owners of the Parent RM	Non-controlling Interest RM	Total Equity RM
At 1.4.2011	1,015,029,840	111,535,799	(733,893,857)	296,381,131	9,726,147	698,779,060	-	698,779,060
Comprehensive income								
Loss for the year	-	-	(42,596,972)	-	-	(42,596,972)	(13,602)	(42,610,574)
Other comprehensive income								
Foreign currency translation differences	-	-	-	-	(310,582)	(310,582)	-	(310,582)
Impairment loss of land and building	-	-	-	(84,570,239)	-	(84,570,239)	-	(84,570,239)
Total other comprehensive income for the year	-	-	-	(84,570,239)	(310,582)	(84,880,821)	-	(84,880,821)
Total comprehensive income for the year	-	-	(42,596,972)	(84,570,239)	(310,582)	(127,477,793)	(13,602)	(127,491,395)
At 31.3.12 / 1.4.2012	1,015,029,840	111,535,799	(776,490,829)	211,810,892	9,415,565	571,301,267	(13,602)	571,287,665
Comprehensive income								
Loss for the year	-	-	(19,348,992)	-	-	(19,348,992)	(4,204)	(19,353,196)
Other comprehensive income								
Foreign currency translation differences	-	-	9,465,513	-	(9,564,234)	(98,721)	-	(98,721)
Adjustment on deferred tax on asset revaluation reserve	-	-	-	(4,182,260)	-	(4,182,260)	-	(4,182,260)
Total other comprehensive income for the year	-	-	9,465,513	(4,182,260)	(9,564,234)	(4,280,981)	-	(4,280,981)
Total comprehensive income for the year	-	-	(9,883,479)	(4,182,260)	(9,564,234)	(23,629,973)	(4,204)	(23,634,177)
At 31.3.13	**1,015,029,840**	**111,535,799**	**(786,374,308)**	**207,628,632**	**(148,669)**	**547,671,294**	**(17,806)**	**547,653,488**

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

statement of changes in equity

For the year ended 31 March 2013

	Non-distributable			
	Share Capital RM	**Share Premium RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1.4.11	1,015,029,840	111,535,799	(432,452,893)	694,112,746
Loss for the year, representing total comprehensive income for the year	-	-	(42,851,313)	(42,851,313)
At 31.3.12	1,015,029,840	111,535,799	(475,304,206)	651,261,433
Loss for the year, representing total comprehensive income for the year	-	-	(1,041,875)	(1,041,875)
At 31.3.13	**1,015,029,840**	**111,535,799**	**(476,346,081)**	**650,219,558**

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

statements of cash flows

For the year ended 31 March 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash Flows from Operating Activities				
Loss before tax	**(10,000,849)**	(53,505,185)	**(1,041,875)**	(42,851,313)
Adjustments for:				
Amortisation of upfront fee for a banking facility	**885,870**	1,474,645	**-**	-
Depreciation of property, plant and equipment	**13,841,083**	22,378,102	**36,321**	49,151
Gain on disposal of property, plant and equipment	**-**	(5,499)	**-**	-
Gain on disposal of non-current assets classified as held for sale	**-**	(13,832,478)	**-**	-
Gratitude sum payable to a Director	**26,694,674**	-	**26,694,674**	-
Impairment loss on:				
- amounts owing by subsidiaries	**-**	-	**20,450,161**	2,946,941
- investment in subsidiaries	**-**	-	**-**	23,054,617
- property, plant and equipment	**-**	174,309	**-**	-
- receivables	**2,116,300**	1,447,926	**-**	-
Interest expenses	**11,769,592**	23,285,963	**2,428,444**	6,517,808
Interest income	**(78,951)**	(86,948)	**-**	-
(Utilisation of)/provision of employee benefits, net	**(52,148)**	149,223	**(41,052)**	-
Provision for legal claim	**-**	6,129,556	**-**	-
Reversal of impairment loss on:				
- amount owing by a subsidiary	**-**	-	**(430,617)**	-
- land held for property development	**(21,368,794)**	-	**-**	-
- property, plant and equipment	**(2,305,450)**	-	**-**	-
- receivables	**(64,255)**	(1,133)	**-**	-
Write back of:				
- payables	**-**	(16,632)	**-**	-
- liabilities directly associated with non-current assets classified as held for sale	**(56,916,438)**	-	**(56,916,438)**	-
Written-off of:				
- available-for-sale financial assets	**-**	70,000	**-**	-
- amounts due from subsidiaries	**-**	-	**2,113,362**	-
- bad debts	**190,263**	8,366,869	**-**	-
- deposits	**-**	104,027	**-**	-
- inventories	**3,606**	28,368	**-**	-
- property, plant and equipment	**1**	349,616	**-**	548
Unrealised loss on foreign exchange	**50,056**	517,570	**-**	-
Operating loss before working capital changes carried down	**(35,235,440)**	(2,971,701)	**(6,707,020)**	(10,282,248)

statements of cash flows

For the year ended 31 March 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Cash Flows from Operating Activities (Cont'd)					
Operating loss before working capital changes brought down		**(35,235,440)**	(2,971,701)	**(6,707,020)**	(10,282,248)
Changes in working capital:					
Property development costs and land held for property development		**8,606,416**	13,049,280	**-**	-
Capital work-in-progress		**-**	(2,412,862)	**-**	-
Inventories		**2,593,372**	2,405,339	**-**	-
Trade and other receivables		**(88,228)**	44,657,257	**372,854**	(622,859)
Trade and other payables		**39,370,875**	1,098,196	**(5,060,454)**	15,794,525
Cash generated from/(used in) operations		**15,246,995**	55,825,509	**(11,394,620)**	4,889,418
Income tax paid		**(393,611)**	(1,442,204)	**-**	-
Interest paid		**(11,769,592)**	(21,768,155)	**(2,428,444)**	(5,000,000)
Interest received		**78,951**	86,948	**-**	-
Net cash from/(used in) operating activities		**3,162,743**	32,702,098	**(13,823,064)**	(110,582)
Cash Flows from Investing Activities					
Advances to subsidiaries		**-**	-	**(263,849,026)**	-
Additions to land held for property development		**(577,352)**	(14,688,667)	**-**	-
Withdrawal of pledged fixed deposits		**978,064**	60,449,589	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	5,500	**-**	-
Proceeds from disposal of non-current assets classified as held for sale		**-**	34,600,000	**-**	-
Purchase of property, plant and equipment	4	**(2,585,996)**	(29,452,288)	**-**	(24,191)
Net cash (used in)/from investing activities		**(2,185,284)**	50,914,134	**(263,849,026)**	(24,191)
Balance carried down		**977,459**	83,616,232	**(277,672,090)**	(134,773)

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Balance brought down		**977,459**	83,616,232	**(277,672,090)**	(134,773)
Cash Flows from Financing Activities					
Advances from a director		**322,630,487**	27,909,313	**380,174,893**	-
Repayment to subsidiaries		**-**	-	**1,427,950**	-
Payments to hire purchase payables		**(1,387,671)**	(1,648,950)	**-**	-
Settlement of liabilities directly associated with non-current assets classified as held for sale		**(97,275,343)**	-	**(97,275,343)**	-
Repayment of term loans		**(217,328,226)**	(111,512,270)	**-**	-
Net cash from/(used in) financing activities		**6,639,247**	(85,251,907)	**284,327,500**	-
		7,616,706	(1,635,675)	**6,655,410**	(134,773)
Foreign currency translation differences		**(98,721)**	(310,582)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**7,517,985**	(1,946,257)	**6,655,410**	(134,773)
Cash and cash equivalents at beginning of the year		**5,948,984**	7,895,241	**756,890**	891,663
Cash and cash equivalents at end of the year	33	**13,466,969**	5,948,984	**7,412,300**	756,890

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

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at No. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia.

The Company is principally engaged in the business of investment holdings and provision of management services. The principal activities of the subsidiaries are set out in Note 6. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosures of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretations 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to FRS 101, *Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to FRS 132, *Financial Instruments: Presentation (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12, *Disclosures of Interests in Other Entities: Transition Guidance*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12, *Disclosures of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2010)*
- FRS 9, *Financial Instruments (2011)*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures*

The Group and the Company plan to apply the above standards, amendments or interpretations from the annual period beginning on 1 April 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are discussed below:

FRS 10 Consolidated Financial Statements
FRS 10 replaces consolidation part of the former FRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 Consolidation - *Special Purpose Entities* and introduces a new single control model to determine which investee should be consolidated. FRS 10 sets out the following three elements of control:

(i) Power by investor over an investee;
(ii) Exposure, or rights, to variable returns from investor's involvement with the investee; and
(iii) The ability to use power over the investee to affect the amount of the investor's returns.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

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

FRS 13 Fair Value Measurement
FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties.

FRS 119 Employee Benefits (2011)
The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. It requires the recognition of changes in defined benefit obligations and changes in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. The revised FRS 119 requires all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. This revised accounting standard requires retrospective applications with certain exceptions.

FRS 127 Separate Financial Statements (2011)
As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

Amendments to FRS116, Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle)
The amendments to FRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

Amendments to FRS 101 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

The initial application of the other standards, amendments and interpretations are not expected to have any material financial impacts on the financial statements of the Group and of the Company.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS framework in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretations 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venture (herein called "Transitioning Entities").

On 4 July 2012, the MASB has allowed Transitioning Entities to defer the adoption of the MFRS Framework to annual period beginning on or after 1 January 2014.

The Group falls within the scope of definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2015. In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group is currently in the process of determining the impact from the initial application of MFRS Framework.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

(c) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies.

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

2. BASIS OF PREPARATION (CONT'D)

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

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

Construction contracts / property development
Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgment, the Group relied on past experience and work of specialists. Where the total actual revenue and cost incurred are different from the total estimated revenue and costs incurred, such differences will impact the contract profit or loss recognised.

Useful lives of property, plant and equipment
Management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 March 2013, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in the adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

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

Deferred tax assets
Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Amounts owing by subsidiaries
The Company determines the recoverability of the amounts owing by certain subsidiaries when these debts exceeded their capital investments. The Directors are of the opinion that adequate allowance for impairment has been made for the debts due from these subsidiaries to the extent the Company is able to realise these debts through internal group restructuring including possible offsets against debts owed by the Company to certain other subsidiaries, should such need arises.

Impairment of property, plant and equipment
The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

Annual testing for impairment of goodwill
The measurement of the recoverable amount of cash-generating units are determined based on the fair value less cost to sell, which is based on observable market price for similar assets.

2. BASIS OF PREPARATION (CONT'D)

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

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

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

Material litigations
The Group determines whether a present obligation in relation to a material litigation exists at the reporting date by taking into account all available evidence, including the opinion of its solicitors and subsequent events after the reporting date. On the basis of such evidence, the Group evaluates if a provision needs to be recognised in the financial statements.

Estimation of fair values of property, plant and equipment
The Group adopts revaluation policy for its land and buildings. The Group engaged independent valuation specialists to determine the fair values as at 30 May 2012 and 10 September 2012. The fair values were determined primarily using the following valuation method:

(i) Hotel property – on 30 May 2012, the fair value was determined by adopting the historical profit and yield analysis as the primary method of the valuation and adopts the cost and direct comparison methods to cross check. The principal assumptions are based upon the current and historical performance of the hotel property with an estimated capitalisation rate of 7%.

(ii) Leasehold land at Karambunai, Sabah – on 30 May 2012, the fair values were determined using the Discounted Cash Flows method and the Residual method. Comparison method has not been adopted to determine the fair values since there is limited comparable land sales recently transacted in the area where the land are located. In applying the Residual and Discounted Cash Flows method, the independent valuation specialist has made several assumptions and applied suitable market conventions and appropriate valuation parameters.

(iii) Leasehold land at Bukit Unggul, Dengkil – on 10 September 2012, the fair values was determined using the Comparison Method which compares the subject property with similar type of potential development lands and entails the analysis of recent sales of similar properties in the locality. In applying the Comparison Method, the independent valuation specialist has made several adjustments for differences in location, shape, size, terrain, surrounding areas, development potential or status and other relevant factors.

(d) Going Concern

The Group and the Company have incurred a net loss of RM19,353,196 (2012: RM42,610,574) and RM1,041,875 (2012: RM42,851,313) respectively for the financial year ended 31 March 2013. As of that date, the Group and the Company's current liabilities exceeded their current assets by RM684,149,204 (2012: RM578,111,620) and RM164,816,986 (2012: RM174,795,442). These conditions indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

The financial statements have been prepared on the going concern basis which assumes that the Group and the Company will continue in operational existence for the foreseeable future having adequate funds to repay their obligations. The validity of this assumption depends upon the Group's and the Company's operations to generate positive cash flow, the successful disposal of the non-current assets classified as held for sale and the successful implementation of future corporate restructuring and fund raising exercise to be undertaken by the Group in order to generate sufficient cash flow to repay their bank borrowings and creditors, and receiving continued support from their bankers, creditors and major shareholder.

The Directors are of the opinion that the Group and the Company will continue as going concerns and accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the going concern basis of preparation of the financial statements be inappropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries, its associates through equity accounting, and its jointly controlled entities through proportionate consolidation, which have been prepared in accordance with the Group's accounting policies, and are all drawn up to the same reporting period.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less impairment losses in accordance with Note 6. On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Subsidiaries

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

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

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

(ii) Consolidation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(iii) Goodwill on Consolidation

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired, in accordance with Note 10.

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

(iv) Non-controlling Interests

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

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

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(i).

(i) Recognition and measurement

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Long term leasehold land	Over remaining leasehold period of 99 to 999 years
Hotel property	50 years
Golf course and its related building	10 years
Office buildings, shoplots, and jetty	10 – 50 years
Plant and machinery	4 – 10 years
Furniture and fittings, partition and renovation, computer and other equipment	3 – 10 years
Motor vehicles	4 – 6 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Land held for property development

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

Land held for property development are 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.

(d) Property development costs

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

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

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

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

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

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

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials, consumables: Costs of dry goods are determined on weighted average basis. Costs of wet goods are determined on first-in-first-out basis.
- Trading merchandise: Costs are determined on first-in-first-out basis.
- Completed development properties: Cost of unsold completed properties is determined on specific identification basis and comprises attributable land and development expenditure incurred up to completion of the properties.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Assets

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

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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

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

The Group and the Company classify their financial assets depending on the purpose for which it was acquired at initial recognition, into the following categories:

(i) <u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

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

(ii) <u>Available-for-sale financial assets</u>
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

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

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

Regular way purchase or sale of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Assets (Cont'd)

Derecognition

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

(g) Financial Liabilities

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

All financial liabilities are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. Changes in the carrying value of these liabilities are recognised in the profit or loss.

The Group and the Company classify their financial liabilities at initial recognition, into the following category:

<u>Other liabilities measured at amortised cost</u>
Other financial liabilities are non-derivatives financial liabilities. The Group's and the Company's other financial liabilities comprise trade and other payables and borrowings. Other financial liabilities are classified as current liabilities; except for maturities more than 12 months after the end of the reporting period, in which case they are classified as non-current liabilities.

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

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

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting of Financial Instruments

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

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of Assets

(i) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives, these are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

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

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

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

Impairment of goodwill

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

(ii) Financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of Assets (Cont'd)

(ii) Financial assets (Cont'd)

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

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

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

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

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

(j) Share Capital

Ordinary shares

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

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

(k) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, 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 the amount of the obligation can be estimated reliably.

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Foreign Currency Translation

(i) Foreign Currency Transactions and Balances

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

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

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

(ii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary company, the cumulative amount of translation differences at the date of disposal of the subsidiary company is taken to the consolidated profit or loss.

(m) Leases

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

(i) Finance Lease

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

(ii) Operating Lease

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

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

(n) Revenue Recognition

(i) Development properties/construction contracts

Revenue from sales of properties under development and from contract works undertaken are recognised in profit or loss on the percentage of completion basis where the outcome of the developments and contracts can be reliably estimated. The percentage of completion basis is computed based on proportion of which the development costs and the contract costs incurred for work performed to date bear to the estimated total development and contract costs respectively.

(ii) Hotel and golf operations

Revenue from the provision of rooms, food and beverage, other department sales, landing services fees and golf related income and recognised when services are rendered.

(iii) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iv) Subscription fees

Subscription fees received from club members are recognised on an accrual basis. When members account become inactive, subscription fee is suspended until it is realised on a cash basis. Members' accounts are deemed to be inactive where subscriptions are in arrears for more than 6 months.

(v) Rendering of services

Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by surveys of work performed.

(vi) Rental income

Rental income is recognised in profit or loss on accrual basis.

(vii) Interest income

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

(viii) Land sold

Revenue from sale of land and completed landed properties is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risk and reward of ownership have been transferred to the buyer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits

(i) Short term Employee Benefits

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

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

(ii) Defined contribution plans

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

(p) Borrowing costs

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

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

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

(q) Income tax

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

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

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(q) Income tax (Cont'd)

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

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

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

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

(r) Non-Current Assets Classified As Held For Sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sales rather than continuing use are classified as held for sale.

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

(s) Construction Contracts

Construction contracts are measured at contract cost plus profit recognised to date less progress billing and recognised losses. Contract cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

When the cost incurred on construction contract plus profit recognised to date less recognised losses exceeds progress billings, the balance is classified as amounts owing by customers on contracts. When progress billings exceed cost incurred plus recognised profits to date less recognised losses, the balance is classified as amounts owing to customers on contracts.

(t) Al-Bai Bithaman Ajil ("ABBA") Facility

Cost of landed properties acquired under the ABBA facility are capitalised in accordance with the Company's policy on land held for property development. The ABBA facility obligations are included in borrowings and the related financing charges are allocated to profit or loss on a systematic basis over the period of financing.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimated of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(v) Segment reporting

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

(w) Contingencies

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

4. PROPERTY, PLANT AND EQUIPMENT

	Long term Leasehold Land RM	Hotel Property RM	Golf-course, Shoplots, Office Buildings & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
	← At valuation	→	←		At cost	→	
Group							
2013							
Cost or valuation							
At 1.4.12	657,286,769	300,000,000	24,616,196	14,791,551	46,565,556	7,421,973	1,050,682,045
Additions	-	-	1,893,720	547,656	144,620	301,511	2,887,507
Written-off	-	-	(72,894)	-	(499)	-	(73,393)
Transfer from non-current assets classified as held for sale (Note 17)	32,461,518	-	-	-	-	-	32,461,518
Transfer from capital work-in-progress (Note 8)	-	-	2,412,862	-	-	-	2,412,862
At 31.3.13	**689,748,287**	**300,000,000**	**28,849,884**	**15,339,207**	**46,709,677**	**7,723,484**	**1,088,370,539**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Long term Leasehold Land RM	Hotel Property RM	Golf-course, Shoplots, Office Buildings & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
	At valuation		At cost				
Group							
2013 (Cont'd)							
Accumulated Depreciation							
At 1.4.12	-	-	5,577,897	5,560,366	32,679,001	5,646,760	49,464,024
Charge for the year	4,130,804	5,357,600	779,995	925,732	2,402,197	244,755	13,841,083
Written-off	-	-	(72,894)	-	(498)	-	(73,392)
Transfer from non-current assets classified as held for sale (Note 17)	1,506,530	-	-	-	-	-	1,506,530
At 31.3.13	**5,637,334**	**5,357,600**	**6,284,998**	**6,486,098**	**35,080,700**	**5,891,515**	**64,738,245**
Accumulated Impairment Loss							
At 1.4.12	-	-	174,309	-	-	-	174,309
Transfer from non-current assets classified as held for sale (Note 17)	18,557,081	-	-	-	-	-	18,557,081
Reversal	(2,305,450)	-	-	-	-	-	(2,305,450)
At 31.3.13	**16,251,631**	**-**	**174,309**	**-**	**-**	**-**	**16,425,940**
Net Carrying Amount							
At 31.3.13	**667,859,322**	**294,642,400**	**22,390,577**	**8,853,109**	**11,628,977**	**1,831,969**	**1,007,206,354**
2012							
Cost or valuation							
At 1.4.11	666,695,170	452,400,000	3,842,724	14,892,001	46,395,280	7,831,240	1,192,056,415
Additions	-	-	20,858,932	6,711,470	1,881,878	139,180	29,591,460
Disposals	-	-	-	-	-	(76,000)	(76,000)
Elimination of accumulated depreciation on revaluation	(3,341,405)	(9,792,768)	-	-	-	-	(13,134,173)
Written-off	-	-	(85,460)	(6,811,920)	(1,711,602)	(472,447)	(9,081,429)
Revaluation surplus/ (decrease) in revaluation surplus	24,270,566	(142,607,232)	-	-	-	-	(118,336,666)
Transfer from land held for property development (Note 5)	4,662,438	-	-	-	-	-	4,662,438
Transfer to non-current assets classified as held for sale (Note 17)	(35,000,000)	-	-	-	-	-	(35,000,000)
At 31.3.12	657,286,769	300,000,000	24,616,196	14,791,551	46,565,556	7,421,973	1,050,682,045

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Long term Leasehold Land RM	Hotel Property RM	Golf-course, Shoplots, Office Buildings & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
	At valuation		At cost				
Group							
2012 (Cont'd)							
Accumulated Depreciation							
At 1.4.11	1,372,550	-	353,743	10,346,855	32,644,596	5,816,693	50,534,437
Charge for the year	3,475,385	9,792,768	5,283,435	444,706	3,003,299	378,509	22,378,102
Disposals	-	-	-	-	-	(75,999)	(75,999)
Elimination of accumulated depreciation on revaluation	(3,341,405)	(9,792,768)	-	-	-	-	(13,134,173)
Written-off	-	-	(59,281)	(5,231,195)	(2,968,894)	(472,443)	(8,731,813)
Transfer to non-current assets classified as held for sale (Note 17)	(1,506,530)	-	-	-	-	-	(1,506,530)
At 31.3.12	-	-	5,577,897	5,560,366	32,679,001	5,646,760	49,464,024
Accumulated Impairment Loss							
At 1.4.11	22,507,133	-	-	-	-	-	22,507,133
Charge for the year	-	-	174,309	-	-	-	174,309
Transfer to non-current assets classified as held for sale (Note 17)	(22,507,133)	-	-	-	-	-	(22,507,133)
At 31.3.12	-	-	174,309	-	-	-	174,309
Net Carrying Amount							
At 31.3.12	657,286,769	300,000,000	18,863,990	9,231,185	13,886,555	1,775,213	1,001,043,712

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The long term leasehold land of the Group has an unexpired lease period of more than 50 years.

	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Company			
2013			
Cost			
At 1.4.12 / 31.3.13	**434,928**	**533,609**	**968,537**
Accumulated Depreciation			
At 1.4.12	257,371	532,947	790,318
Charge for the year	35,664	657	36,321
At 31.3.13	**293,035**	**533,604**	**826,639**
Net Carrying Amount			
At 31.3.13	**141,893**	**5**	**141,898**
2012			
Cost			
At 1.4.11	1,248,250	1,006,056	2,254,306
Additions	24,191	-	24,191
Written-off	(837,513)	(472,447)	(1,309,960)
At 31.3.12	434,928	533,609	968,537
Accumulated Depreciation			
At 1.4.11	1,048,379	1,002,200	2,050,579
Charge for the year	45,961	3,190	49,151
Written-off	(836,969)	(472,443)	(1,309,412)
At 31.3.12	257,371	532,947	790,318
Net Carrying Amount			
At 31.3.12	177,557	662	178,219

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under hire purchase payables

During the financial year, the Group and the Company acquired motor vehicles with an aggregate cost of RM301,511 (2012: RM139,172) and RM Nil (2012: RM Nil) respectively by means of hire purchase arrangement. The cash outflow of the Group and the Company on acquisition of property, plant and equipment amounted to RM2,585,996 (2012: RM29,452,288) and RM Nil (2012: RM24,191) respectively.

Included in the property, plant and equipment of the Group are assets acquired under hire purchase arrangements at the reporting date as follows:

	Group	
	2013 RM	**2012 RM**
Cost		
Motor vehicles	**1,437,605**	1,665,554
Plant & machinery	**-**	1,608,696
Furniture & fittings, partition & renovation, computer & other equipment	**1,723,000**	5,056,161
	3,160,605	8,330,411
Net carrying amount		
Motor vehicles	**640,528**	554,434
Plant & machinery	**-**	904,651
Furniture & fittings, partition & renovation, computer & other equipment	**1,089,975**	4,023,912
	1,730,503	5,482,997

Assets pledged as security

In addition to assets held under hire purchase arrangements, the Group's property, plant and equipment which were previously pledged as securities for term loans facilities granted to subsidiaries as disclosed in Note 21 are as follows:

	Group	
	2013 RM	**2012 RM**
Net carrying amount		
Long term leasehold land	**-**	657,286,769
Hotel property	**-**	300,000,000
Motor vehicles	**-**	193,719
Furniture & fittings, partition & renovation, computer & other equipment	**-**	8,302,824
	-	965,783,312

The term loans granted to subsidiaries were fully settled during the financial year as disclosed in Note 21.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The property, plant and equipment of the Group and of the Company which were previously pledged for Promissory Note issued by the Company as disclosed in Note 23 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Net carrying amount				
Motor vehicles	-	673	-	662
Furniture & fittings, partition & renovation, computer & other equipment	-	177,602	-	177,556
	-	178,275	-	178,218

The Promissory Note issued by the Company was fully settled during the financial year as disclosed in Note 23.

Revaluation of leasehold land and buildings

The Group's leasehold land and buildings have been revalued at the reporting date based on valuations performed by accredited independent valuers.

Details of the independent professional valuations are as follows:

Description of Properties	Valuation method	Valuation amount RM
2013		
Leasehold land at Bukit Unggul	Comparison method	14,703,357
2012		
Hotel property	Historical profit and yield analysis	300,000,000
Leasehold land at Karambunai	Discounted cash flow analysis and residual method	657,286,769
		957,286,769

If the Group's leasehold land and buildings were measured using the cost model, the net carrying amounts would be as follows:

	Group Net carrying amount	
	At valuation RM	At historical cost RM
2013		
Hotel property	294,642,400	269,694,805
Leasehold land at Karambunai	653,155,965	356,194,397
Leasehold land at Bukit Unggul	14,703,357	39,489,863
	962,501,722	665,379,065
2012		
Hotel property	300,000,000	272,364,388
Leasehold land at Karambunai	657,286,769	360,325,202
	957,286,769	632,689,590

5. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2013 RM	Group 2012 RM
Leasehold land		
Cost		
At beginning of the year	**245,692,486**	375,157,470
Less: Disposals	**(35,853)**	(1,327,176)
Less: Transfer to property development costs (Note 11)	**(1,702,788)**	(4,360,955)
Less: Transfer to non-current assets classified as held for sale (Note 17)	**(16,120,554)**	(123,776,853)
Add: Transfer from non-current assets classified as held for sale (Note 17)	**321,625,559**	-
	549,458,850	245,692,486
Leased land	**47,218,375**	47,218,375
Total land, at cost at end of the year	**596,677,225**	292,910,861
Accumulated impairment loss		
At beginning of the year	**-**	58,813,214
Add: Transfer from non-current assets classified as held for sale (Note 17)	**195,363,114**	-
Less: Reversal of impairment loss	**(22,936,354)**	-
Less: Transfer to non-current assets classified as held for sale (Note 17)	**-**	(58,813,214)
At end of the year	**172,426,760**	-
Total land, at carrying amount at end of the year	**424,250,465**	292,910,861
Development costs		
At beginning of the year	**24,273,274**	33,849,332
Add: Additions	**577,352**	14,688,667
Add: Transfer from non-current assets classified as held for sale (Note 17)	**7,640,077**	-
Less: Disposals	**(1,034)**	(7,503,659)
Less: Transfer to property, plant and equipment (Note 4)	**-**	(4,662,438)
Less: Transfer to property development cost (Note 11)	**(1,089,725)**	(2,697,700)
Less: Transfer to non-current assets classified as held for sale (Note 17)	**(478,947)**	(9,400,928)
At end of the year	**30,920,997**	24,273,274
Accumulated impairment loss		
At beginning of the year	**-**	5,874,673
Impairment loss for the year	**1,567,560**	-
Add: Transfer from non-current assets classified as held for sale (Note 17)	**5,874,673**	-
Less: Transfer to non-current assets classified as held for sale (Note 17)	**-**	(5,874,673)
At end of the year	**7,442,233**	-
Total development cost, at carrying amount at end of the year	**23,478,764**	24,273,274
Total carrying amount at end of the year	**447,729,229**	317,184,135

5. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

Land pledged as securities

Land held for property development were previously pledged as securities for Promissory Note issued by the Company as disclosed in Note 23 and were also previously pledged as securities for term loan facilities granted to the subsidiaries as disclosed in Note 21 and for other credit facilities of the Group and of the Company.

The term loans granted to subsidiaries and Promissory Note issued by the Company were fully settled during the financial year as disclosed in Notes 21 and 23 respectively.

Transfer from / (to) non-current assets classified as held for sale

During the financial year, the Group transferred its land held for property development with the total carrying amount of RM128,027,849 from non-current assets classified as held for sale upon settlement of the Promissory Note issued by the Company as further disclosed in Note 23 as a result of the Group's subsequent decision not to dispose these land.

In the previous financial year, the Group transferred its land held for property development with the total carrying amount of RM68,489,894 to non-current assets classified as held for sale following the Group's intention to dispose those land as disclosed in Note 17.

6. SUBSIDIARIES

	Company	
	2013 **RM**	**2012** RM
Unquoted shares, at cost		
At beginning/end of the year	**334,900,785**	334,900,785
Less: Accumulated impairment losses		
At beginning of the year	**122,718,934**	99,664,317
Add: Additions	**-**	23,054,617
At end of the year	**(122,718,934)**	(122,718,934)
	212,181,851	212,181,851
Amounts owing by subsidiaries (non-trade)	**613,636,805**	613,636,805
Less: Accumulated impairment losses		
At beginning of the year	**-**	-
Add: Additions	**10,984,010**	-
At end of the year	**10,984,010**	-
	602,652,795	613,636,805
	814,834,646	825,818,656

Amounts owing by subsidiaries are non-trade in nature, unsecured, and interest free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the entity's net investment in the subsidiaries, it is stated at cost less accumulated impairment.

6. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2013	Direct 2012	Indirect 2013	Indirect 2012
	Held By The Company						
* ^	Alpha Terrace Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
	Beribu Ukiran Sdn. Bhd. ("BUSB")	Malaysia	Property development	**100%**	100%	**-**	-
	Bukit Unggul Golf and Country Resort Sdn. Bhd. ("BUGCR")	Malaysia	Golf club owner and investment holdings	**75%**	75%	**25%**	25%
©	Bukit Unggul Tele-Suburb Sdn. Bhd.	Malaysia	Property development	**100%**	100%	**-**	-
* ^^	CTRM-FACB Consortium Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
©	FACB Capital Sdn. Bhd.	Malaysia	Investment holdings, consultancy and money lending	**100%**	100%	**-**	-
	FACB Charter Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
©	FACB Construction Sdn. Bhd.	Malaysia	General construction and building works	**100%**	100%	**-**	-
©	FACB Land Sdn. Bhd. ("FACB Land")	Malaysia	Property development	**100%**	100%	**-**	-
* ^	FACB Management Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
* ^	FACB Aerospace Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
©	FACBNET Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
©	First Holdings Sdn. Bhd. ("FHSB")	Malaysia	Investment holdings	**100%**	100%	**-**	-
* ^	First Multimedia Corporation Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
* ^	First Network (M) Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
©	First Travel and Tours (M) Sdn. Bhd.	Malaysia	Travel & tours agency	**95.69%**	95.69%	**-**	-
	Greagawarni Sdn. Bhd.	Malaysia	Horticulturist	**100%**	100%	**-**	-

6. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2013	Direct 2012	Indirect 2013	Indirect 2012
	Held By The Company (Cont'd)						
	Hartamas Group Berhad ("HGB")	Malaysia	Hotel resort ownership & operations and investment holdings	**# 42.91%**	# 42.91%	**57.09%**	57.09%
	Ikhlas Perdana Sdn. Bhd. ("IPSB")	Malaysia	Dormant	**90%**	90%	**-**	-
* ^^	Karambunai Corp International Ltd.	Hong Kong	Dormant	**100%**	100%	**-**	-
©	Karambunai Residence (MM2H) Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
* ^^	Nexus First Company Ltd.	Labuan	Investment holdings	**100%**	100%	**-**	-
*	Nexus Hotels and Resorts Limited	Hong Kong	Dormant	**100%**	100%	**-**	-
*	Norasia Investments Ltd.	Hong Kong	Investment holdings	**100%**	100%	**-**	-
* ^	Sunnyland Corporation Ltd.	Hong Kong	Dormant	**100%**	100%	**-**	-
*	Sunnyland Industries Ltd.	Hong Kong	Dormant	**100%**	100%	**-**	-
@	One Travel & Tours Ltd.	British Virgin Islands	Travel & tours agency	**100%**	100%	**-**	-
	Held through FACB Land						
©	Arosa Builders Sdn. Bhd.	Malaysia	General construction and building works	**-**	-	**100%**	100%
	BUGCR	Malaysia	Golf club owner and investment holdings	**25%**	25%	**-**	-
	HGB	Malaysia	Hotel resort ownership & operations and investment holdings	**# 4.06%**	# 4.06%	**-**	-
	Held through Norasia Investment Ltd.						
* ^^	Scanply International Wood Products (Singapore) Pte. Ltd.	Singapore	Dormant	**-**	-	**100%**	100%

6. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2013	Direct 2012	Indirect 2013	Indirect 2012
	Held through FHSB						
©	Karambunai Resorts Sdn. Bhd. ("KRSB")	Malaysia	Property development	**-**	-	**100%**	100%
	HGB	Malaysia	Hotel resort ownership & operations and investment holdings	**# 53.03%**	# 53.03%	**-**	-
	Held through HGB						
©	FACB Marketing and Sales Services Sdn. Bhd. ("FMSS")	Malaysia	Property development	**-**	-	**100%**	100%
	Held through BUGCR						
* ^	Karambunai Two Golf & Country Club Sdn. Bhd.	Malaysia	Dormant	**-**	-	**100%**	100%
©	Bukit Unggul Country Club Bhd.	Malaysia	Golf and country club operation and management	**-**	-	**100%**	100%
	Held through KRSB						
	Dapan Construction Sdn. Bhd.	Malaysia	Construction and project contractor	**-**	-	**100%**	100%
	Dapan Holdings Sdn. Bhd. ("DHSB")	Malaysia	Property development	**-**	-	**100%**	100%
©	Karambunai Golf Management Bhd.	Malaysia	Management and operation of golf club	**-**	-	**100%**	100%
©	Nexus Bay Resort Karambunai Sdn. Bhd.	Malaysia	Property development, sale and leaseback of properties and to provide hotel and lodging facilities	**-**	-	**100%**	100%
*	Nexus Naga S.A.	Panama	Dormant	**-**	-	**100%**	100%
©	Nexus Resorts and Hotels International Sdn. Bhd.	Malaysia	Property development	**-**	-	**100%**	100%

6. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2013	Direct 2012	Indirect 2013	Indirect 2012
	Held through KRSB (Cont'd)						
©	Nexus Resort Karambunai Sdn. Bhd.	Malaysia	Resort hotel operation and management	**-**	-	**100%**	100%
* ^^	Nexus Vacation Club Bhd.	Malaysia	Dormant	**-**	-	**100%**	100%
* ^	Sahara Red Incorporated	British Virgin Islands	Dormant	**-**	-	**100%**	100%
	Held through Scanply International Wood Products (Singapore) Pte. Ltd.						
* ^^	Scanply Wood Products (Malaysia) Sdn. Bhd.	Malaysia	Dormant	**-**	-	**100%**	100%
	Held through Nexus Hotels and Resorts Limited						
*	Nexus Hotel Phnom Penh Limited	British Virgin Islands	Dormant	**-**	-	**100%**	100%

* *The financial statements of these subsidiaries are audited for consolidation purposes by the Company's auditors.*

^ *These subsidiaries were struck off from the respective Registrar of Companies subsequent to the financial year end.*

^^ *These subsidiaries are in the midst of being strike off from the respective Registrar of Companies.*

\# *The equity interests held through the Company, FHSB and FACB Land are 42.91% (2012: 42.91%), 53.03% (2012: 53.03%) and 4.06% (2012: 4.06%) respectively.*

@ *Subsidiary audited by firm of auditors other than member firms of UHY.*

© *The auditors' reports of these subsidiaries contain the audit emphasis of matter on the appropriateness of going concern basis of accounting due to doubts as to the subsidiaries' ability to operate as a going concern as these subsidiaries suffered significant losses during the financial year, had net current liabilities or deficit in shareholders' equity. The ability of the subsidiaries to continue as a going concern is dependent on the continued financial support of the Company.*

The investment in subsidiaries relating to the investment in Sunnyland Industries Ltd. by the Company amounting to net carrying amount of RM1 (2012: RM1) is pledged for a term loan facility ("Term Loan I") as disclosed in Note 21.

In prior years, the investment in subsidiaries relating to the investment in BUGCR by the Company and FMSS which was held through HGB amounting to RM7,500,000 and RM310,000,000 respectively were pledged for Promissory Note issued by the Company as disclosed in Note 23.

In prior years, the investment in subsidiaries relating to the investment in FMSS which was held through HGB amounting RM310,000,000 was further pledged for a term loan facility granted to a subsidiary as disclosed in Note 21.

The Term Loan II and Promissory Note were fully settled during the financial year as disclosed in Notes 21 and 23 respectively.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Equity instruments (unquoted shares in Malaysia)	**60,000**	60,000	**60,000**	60,000
Transferable contribution rights	**70,000**	140,000	**-**	-
Less: Written-off	**-**	(70,000)	**-**	-
	70,000	70,000	**-**	-
	130,000	130,000	**60,000**	60,000

The fair value of the unquoted investment has not been disclosed as its fair value cannot be measured reliably due to the lack of quoted market price in an active market. The assumptions required for valuing these financial instruments using valuation techniques by management would result in the range of fair value estimates to be significant and the probability of the various estimates cannot be reasonably assessed. Accordingly the carrying amount of the investment continues to be stated at cost.

At the reporting date, the transferable contribution rights are in respect of rights to memberships of a golf club which are registered in the name of a Director of the Company and a former Director of a subsidiary and are held in trust by them.

8. CAPITAL WORK-IN-PROGRESS

	Group	
	2013 RM	2012 RM
At cost,		
At beginning of the year	**2,412,862**	-
Additions	**-**	2,412,862
Transfer to property, plant and equipment (Note 4)	**(2,412,862)**	-
At end of the year	**-**	2,412,862

Capital work-in-progress refers to costs incurred for the construction of a building for restaurant, which was previously pledged as security for a term loan facility granted to a subsidiary as disclosed in Note 21. The term loan facility granted to the subsidiary was fully settled during the financial year as disclosed in Note 21.

9. DEFERRED TAX ASSETS

	Group	
	2013 RM	2012 RM
At beginning of the year	**892,192**	9,000
Recognised in profit or loss (Note 31)	**-**	883,192
At end of the year	**892,192**	892,192

This is in respect of deductible temporary differences in respect of expenses. The deferred tax assets of the Group are recognised on the basis of one of the subsidiary's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

10. GOODWILL

	Group	
	2013	**2012**
	RM	**RM**
Cost		
At beginning/end of the year	**19,820,764**	19,820,764
Accumulated impairment losses		
At beginning/end of the year	**4,883,348**	4,883,348
Net carrying amount	**14,937,416**	14,937,416

Goodwill represents the excess of cost of acquisition over the fair value of the net assets of subsidiaries acquired in prior years. Goodwill has been allocated to the Group's cash-generating unit ("CGU") identified that is expected to benefit from the synergies of the acquisitions, which is in respect of the property development segment.

Impairment testing of goodwill

The carrying amounts of goodwill arising from acquisition of subsidiaries are as follows:

	Group	
	2013	**2012**
	RM	**RM**
Property development segment:		
Karambunai land	**14,937,416**	14,937,416

The recoverable amount of this CGU is determined based on the fair value less costs to sell. The fair value less costs to sell is based on observable market prices for similar assets. The fair values of the development properties are estimated based on market values of comparable properties for Karambunai land.

The Board of Directors is of the opinion that no impairment of goodwill allocated to Karambunai land has occurred as the fair value exceeded the carrying amount.

11. PROPERTY DEVELOPMENT COSTS

	Group 2013 RM	Group 2012 RM
Leasehold land, at cost		
At beginning of the year	**6,070,093**	28,765,665
Add: Transfer from land held for property development (Note 5)	**1,702,788**	4,360,955
Less: Reversal of completed projects	**(6,070,093)**	(27,056,527)
At end of the year	**1,702,788**	6,070,093
Property development costs		
At beginning of the year	**15,033,488**	53,549,241
Add: Additions	**3,407,251**	13,365,780
Add: Transfer from land held for property development (Note 5)	**1,089,725**	2,697,700
Less: Transfer to inventories	**(2,403,391)**	(5,079,108)
Less: Reversal of completed projects	**(11,671,020)**	(49,500,125)
At end of the year	**5,456,053**	15,033,488
Cumulative costs recognised in profit or loss		
At beginning of the year	**(8,167,724)**	(58,309,316)
Recognised during the year	**(11,130,674)**	(13,830,047)
Reversal of completed projects	**19,298,398**	63,971,639
At end of the year	**-**	(8,167,724)
Total property development costs at end of the year	**7,158,841**	12,935,857

Property development costs with carrying amount of RM Nil (2012: RM12,935,857) were previously pledged as securities for term loan facilities granted to subsidiaries as disclosed in Note 21 of which the said term loan facilities were fully settled during the financial year.

12. INVENTORIES

	Group 2013 RM	Group 2012 RM
At cost:		
Completed development properties	**7,595,089**	10,714,353
Consumables	**564,592**	346,972
Trading merchandise	**1,906,099**	1,601,433
	10,065,780	12,662,758

Inventories with carrying amount of RM Nil (2012: RM12,324,506) was previously pledged as securities for term loan facilities granted to subsidiaries as disclosed in Note 21 of which the said term loan facilities were fully settled during the financial year.

13. TRADE RECEIVABLES

	Group 2013 RM	Group 2012 RM
Trade receivables	**37,930,996**	36,672,220
Less: Allowance for impairment	**(17,934,125)**	(17,667,236)
	19,996,871	19,004,984

Included in trade receivables of the Group are:

(i) amounts of RM13,458 (2012: RM15,382) owing by related parties in which certain Directors of the Company are also Directors and have substantial financial interest and RM52,000 (2012: RM52,000) owing by related parties in which a Director of the Company is also a Director and has substantial financial interest; and

(ii) amount of RM Nil (2012: RM10,968,767) which was previously pledged as security for term loan facility granted to a subsidiary as disclosed in Note 21 of which the said term loan facility was fully settled during the financial year.

(a) Credit terms of trade receivables

The Group's normal trade credit term is 14 to 90 days (2012: 14 to 90 days). Other credit terms are assessed and approved on a case by case basis.

(b) Ageing analysis of trade receivables

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group 2013 RM	Group 2012 RM
Neither past due nor impaired	**8,495,682**	7,748,306
Past due but not impaired:		
1 to 30 days	**1,152,595**	405,141
31 to 60 days	**444,323**	100,893
61 to 90 days	**608,868**	595,001
91 to 120 days	**4,026,856**	685,278
More than 121 days	**5,268,547**	9,470,365
	11,501,189	11,256,678
Impaired	**17,934,125**	17,667,236
	37,930,996	36,672,220

<u>Receivables that are neither past due nor impaired</u>

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

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

<u>Receivables that are past due but not impaired</u>

Trade receivables that are past due but not impaired are unsecured in nature. However, the Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

13. TRADE RECEIVABLES (CONT'D)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date is as follows:

	Group Individually Impaired 2013 RM	2012 RM
Trade receivables (nominal amounts)	**17,934,125**	17,667,236
Less: Allowance for impairment	**(17,934,125)**	(17,667,236)
	-	-

Movement in impairment on trade receivables (individually impaired) is as follows:

	Group 2013 RM	2012 RM
At beginning of the year	**17,667,236**	16,681,475
Charge for the year	**346,644**	1,441,446
Written-off	**(15,500)**	(454,552)
Reversal	**(64,255)**	(1,133)
At end of the year	**17,934,125**	17,667,236

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments or under legal case. These receivables are not secured by any collateral or credit enhancements.

14. OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Third parties	**5,950,785**	5,679,460	**443,871**	524,172
Less: Allowance for impairment	**(2,188,630)**	(418,974)	**(407,756)**	(407,756)
	3,762,155	5,260,486	**36,115**	116,416
Deposits	**1,430,789**	1,541,239	**79,994**	79,994
Prepayments	**1,689,716**	3,226,902	**-**	292,553
	3,120,505	4,768,141	**79,994**	372,547
	6,882,660	10,028,627	**116,109**	488,963

Included in other receivables of the Group are:

(a) an amount of RM Nil (2012: RM2,011,063) which was previously pledged as securities for term loan facility granted to a subsidiary as disclosed in Note 21 of which the said term loan facility was fully settled during the financial year;

(b) prepayments of upfront fee and bank commission of RM Nil (2012: RM885,870) and RM Nil (2012: RM604,110) respectively for a banking facility granted to a subsidiary.

14. OTHER RECEIVABLES (CONT'D)

Movement in impairment on other receivables (individually impaired) is as follows:

	Group	
	2013 RM	2012 RM
At beginning of the year	**418,974**	846,481
Charge for the year	**1,769,656**	6,480
Written-off	**-**	(433,987)
At end of the year	**2,188,630**	418,974

15. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2013 RM	2012 RM
Amounts owing by subsidiaries	**603,548,726**	342,243,679
Less: Allowance for impairment	**(281,464,787)**	(272,429,253)
	322,083,939	69,814,426
Amounts owing to subsidiaries	**(56,537,672)**	(55,540,339)

Movement in impairment on amounts owing by subsidiaries (individually impaired) is as follows:

	Company	
	2013 RM	2012 RM
At beginning of the year	**272,429,253**	269,482,312
Charge for the year	**9,466,151**	2,946,941
Reversal	**(430,617)**	-
At end of the year	**281,464,787**	272,429,253

These amounts are non-trade in nature, unsecured, interest free and repayable on demand by cash.

16. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits with licensed banks of the Group is an amount of RM Nil (2012: RM236,453) which was previously pledged as security for term loan facility granted to a subsidiary as disclosed in Note 21 of which the said term loan facility was fully settled during the financial year.

The fixed deposits of the Group carry interest at rates ranging from 2.95% to 3.15% (2012: 2.85% to 3.95%) per annum and mature within one year.

17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

	Group	
	2013 RM	**2012 RM**
At carrying value:		
At beginning of the year	**409,271,100**	341,731,556
Transfer (to)/ from land held for property development (Note 5)	**(312,666,135)**	68,489,894
Transfer (to)/ from property, plant and equipment (Note 4)	**(30,954,988)**	10,986,337
Less: Disposal	**-**	(11,936,687)
	65,649,977	409,271,100
Accumulated impairment loss:		
At beginning of the year	**(219,794,868)**	(219,794,868)
Transfer to land held for property development (Note 5)	**201,237,787**	-
Transfer to property, plant and equipment (Note 4)	**18,557,081**	-
	-	(219,794,868)
At end of the year	**65,649,977**	189,476,232

The leasehold land of the Group was previously charged as securities for Promissory Note issued by the Company as disclosed in Note 23 of which the said Promissory Note was fully settled during the financial year. Upon the full settlement of the Promissory Note, the said leasehold land with the carrying values of RM128,027,849 and RM12,397,907 were reclassified to land held for property development and property, plant and equipment respectively as a result of the Group's subsequent decision not to dispose these land.

At the reporting date, the carrying amount of RM65,649,977 refers to the pending completion of the land sale as follows:

(i) The Group entered into sale and purchase agreements to dispose ten lots of vacant leasehold land for a total cash consideration of RM35,049,546. As such, these land were transferred from land held for property development to non-current assets classified as held for sale as at the end of the financial year. Details of the proposed disposal of these vacant leasehold land are disclosed in Note 41(a); and

(ii) In the previous financial year, the Group entered into sale and purchase agreements to dispose a few lots of vacant leasehold land for a total cash consideration of RM44,967,408. As such, these land were transferred from land held for property development to non-current assets classified as held for sale in the previous financial year. The completion of the land sale is pending the fulfilment of certain terms and conditions of the sale and purchase agreements.

These land were previously pledged for a term loan facility granted to a subsidiary as disclosed in Note 21. The pledge was discharged as the said term loan facility was fully settled during the financial year.

18. SHARE CAPITAL

	Group/Company	
	2013 RM	2012 RM
Authorised:		
4,000,000,000 ordinary shares of RM0.50 each	**2,000,000,000**	2,000,000,000
Issued and fully paid:		
2,030,059,680 ordinary shares of RM0.50 each	**1,015,029,840**	1,015,029,840

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

19. RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Accumulated losses	**(786,374,308)**	(776,490,829)	**(476,346,081)**	(475,304,206)
Non-distributable				
Asset revaluation reserve	**207,628,632**	211,810,892	**-**	-
Foreign currency translation reserve	**(148,669)**	9,415,565	**-**	-
	207,479,963	221,226,457	**-**	-
	(578,894,345)	(555,264,372)	**(476,346,081)**	(475,304,206)

The nature and purpose of each category of reserves are as follows:

(a) Asset revaluation reserve

The asset revaluation reserve represents increases in fair value of leased land, leasehold land and hotel property, net of tax.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

20. HIRE PURCHASE PAYABLES

	Group 2013 RM	Group 2012 RM
Total instalment payments	**1,328,765**	2,468,424
Less: Future finance charges	**(72,686)**	(126,185)
Present value of hire purchase payables	**1,256,079**	2,342,239
Payable within 1 year		
Total instalment payments	**900,106**	1,654,189
Less: Future finance charges	**(35,611)**	(92,544)
Present value of hire purchase payables	**864,495**	1,561,645
Payable after 1 year but not later than 5 years		
Total instalment payments	**428,659**	814,235
Less: Future finance charges	**(37,075)**	(33,641)
Present value of hire purchase payables	**391,584**	780,594
	1,256,079	2,342,239

The hire purchase payables of the Group bear interest at rates ranging from 2.19% to 10.97% (2012: 4.17% to 10.97%).

21. BANK BORROWINGS

	Group 2013 RM	Group 2012 RM
Secured		
Term Loan I		
7.75% to 8.40% (2012: 7.75% to 8.40%) per annum	**14,898,763**	14,898,763
Term Loan II		
Base lending rate ("BLR") + 0.325% per annum financing charges repayable in December 2012	**-**	210,031,188
Term Loan III		
Under Al Bai' Bithaman Ajil arrangement		
BLR + 4.0% financing charges repayable in July 2014	**-**	3,951,736

21. BANK BORROWINGS (CONT'D)

	Group 2013 RM	Group 2012 RM
Term Loan IV		
Under Al Bai' Bithaman Ajil arrangement		
Internal rate of return of 9% (2012: 9%) per annum financing charges repayable in February 2015	-	3,345,302
	14,898,763	232,226,989
Repayment due within twelve months	**(14,898,763)**	(224,929,951)
Repayment due after twelve months	-	7,297,038

Term Loan I is secured by the following:

(a) corporate guarantee of the Company and
(b) charge over shares (and all rights thereto) issued by a subsidiary as disclosed in Note 6.

Term Loans II, III and IV were fully settled during the financial year.

Term Loans II, III and IV were previously secured by the following:

Term Loan II
(a) fixed and floating charge over the assets and undertaking of the subsidiary;
(b) debenture comprising fixed and floating charges over all present and future assets of certain subsidiaries, as disclosed in Notes 4, 8, 11, 12, 13 and 16 respectively;
(c) charge over shares (and all rights thereto) issued by the subsidiary, but excluding shares currently charged to Malaysian Assurance Alliance and Term Loan I as disclosed in Note 6;
(d) first ranking, fixed charge and registered mortgage by the subsidiary over the Nexus Resort Karambunai Hotel as disclosed in Note 4;
(e) first ranking, third party fixed charge and registered mortgage by a subsidiary over its land bank in Karambunai as disclosed in Notes 4 and 5;
(f) assignment of the rights and benefits of sales proceeds under the Sale and Purchase Agreements entered into between the subsidiaries with purchasers of the Nexus Residences project;
(g) assignment of all project insurance and proceeds thereof;
(h) assignment of the designated accounts (subsidiary's revenue and operating account, Nexus Residences project account, Debts Service Reserve accounts);
(i) assignment of the rights, title, interest and benefit of the subsidiaries over the joint venture agreement;
(j) corporate guarantee of the Company; and
(k) corporate guarantee of certain subsidiaries.

Term Loans III and IV
(a) fixed charges on certain development properties of certain subsidiaries, as disclosed in Note 11;
(b) deed of assignment on all rights, interest and benefits of project revenue accounts, finance service reserve account and project operating account of a subsidiary opened and maintained with the bank; and
(c) corporate guarantee of the Company

The foreign currency exposure profile of secured term loans is as follows:

	Group 2013 RM	Group 2012 RM
United States Dollar	**14,898,763**	14,898,763

Term Loan I was granted to a subsidiary by a licensed bank and syndicated lenders ("Lenders"). In September 2011, the Lenders have agreed to restructure the outstanding principal amount. The new settlement agreement is now in the midst of finalisation.

21. BANK BORROWINGS (CONT'D)

The maturity profile of term loans for the Group is as follows:

	Current	←		Non-current		→		
	Within 1 Year RM	Within 1 - 2 Years RM	Within 2 - 3 Years RM	Within 3 - 4 Years RM	Within 4 - 5 Years RM	After 5 Years RM	Sub Total RM	Total RM
Group								
2013								
Term loan								
I	14,898,763	-	-	-	-	-	-	14,898,763
2012								
Term loan								
I	14,898,763	-	-	-	-	-	-	14,898,763
II	210,031,188	-	-	-	-	-	-	210,031,188
III	-	-	3,951,736		-	-	3,951,736	3,951,736
IV	-	-	-	3,345,302	-	-	3,345,302	3,345,302
	224,929,951	-	3,951,736	3,345,302	-	-	7,297,038	232,226,989

22. DEFERRED TAX LIABILITIES

	Group	
	2013 RM	**2012 RM**
At beginning of the year	**179,123,400**	225,761,508
Recognised in profit or loss (Note 31)	**55,395,255**	(12,871,681)
Recognised in other comprehensive income	**4,182,260**	(33,766,427)
At end of the year	**238,700,915**	179,123,400

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Difference between the carrying amount of property, plant and equipment and their tax base	**11,580,465**	11,354,874	**35,473**	36,013
Fair value adjustment in respect of acquisition of subsidiaries	**105,041,221**	104,789,190	**-**	-
Deductible temporary differences in respect of expenses	**(250,478)**	(59,107)	**(23,730)**	(33,993)
Revaluation surplus	**69,209,544**	63,038,443	**-**	-
Temporary difference due to tax remission	**55,888,078**	-	**-**	-
Unabsorbed capital allowances	**(2,767,915)**	-	**(11,743)**	(2,020)
	238,700,915	179,123,400	**-**	-

22. DEFERRED TAX LIABILITIES (CONT'D)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unutilised tax losses	**257,657,800**	230,096,799	**655,600**	655,600
Unabsorbed capital allowances	**15,600,757**	13,646,094	**2,352,900**	2,391,800
Deductible temporary differences in respect of expenses and others	**186,012,343**	210,028,174	**-**	-
	459,270,900	453,771,067	**3,008,500**	3,047,400

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

23. LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group/Company	
	2013 RM	2012 RM
Promissory Note	**-**	130,000,000
Interest accrual	**-**	24,191,781
	-	154,191,781

The Promissory Note was issued as partial settlement sum for the redemption of Bonds 2001/2005.

The Promissory Note which previously bore interest at a rate of 5% per annum, matured on 29 December 2009 and was previously secured and supported as follows:

(a) third party first legal charge over the leasehold land and land held for property development of certain subsidiaries of the Company as disclosed in Notes 4 and 5 respectively;
(b) debenture comprising fixed and floating charges on all assets of the Company and of certain subsidiaries of the Company as disclosed in Notes 4 and 5 respectively;
(c) memorandum of deposit and charge over the entire issued and paid-up share capital of certain subsidiaries of the Company as disclosed in Note 6; and
(d) Purchase Guarantee Agreement of a Director of the Company in accordance to the settlement agreement on the settlement of the Bonds 2001/2005.

Upon the maturity of Promissory Note on 29 December 2009, the Company was granted with the rectification and purchase guarantee periods until 28 December 2010 to repay the Promissory Note. The Board of Directors intend to dispose the charged land to settle the Promissory Note. The Board of Directors was of the view that the disposal will take place either by procuring third party purchasers or disposal to a Director of the Company, who is the major shareholder of the Company. On 26 May 2011, Abrar Discounts Berhad ("ADB") agreed to accept RM110 million as full and final settlement of the Promissory Note which has to be paid on or before 30 September 2011. The Group was granted an extension of time to settle the Promissory Note by 30 September 2012.

The Promissory Note was fully paid and settled during the financial year on 2 October 2012. Upon the full settlement of the Promissory Note, the Group has subsequently decided not to dispose the said land as disclosed in Note 17.

24. TRADE PAYABLES

	Group	
	2013 RM	2012 RM
Third parties	**109,281,140**	87,327,648

The normal trade credit term granted to the Group ranges from 30 to 90 days (2012: 30 to 90 days).

Included in trade payables of the Group are:
(i) retention sum amounting to RM4,803,015 (2012: RM4,803,015); and
(ii) an amount of RM19,654,225 owing to a creditor pursuant to a court judgement.

25. OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	**83,087,327**	64,485,638	**4,975,495**	4,516,344
Refundable deposits	**6,788,295**	7,884,790	**6,708,907**	6,708,907
Tax penalty and interest payable to Inland Revenue Board	**69,652,487**	62,442,044	**167,772**	167,772
Accruals	**17,872,205**	24,234,533	**3,125,395**	8,645,000
	177,400,314	159,047,005	**14,977,569**	20,038,023

Included in other payables of the Group are:

(a) An amount of RM36,527,710 (2012: RM33,846,032) owing to a related party, FACB Industries Incorporated Bhd ("FACBII"), in which certain Directors of the Company are also Directors and have substantial financial interest. The amount owing is subject to an interest rate of 8.25% per annum (2012: 8.25%). The amount will be fully settled via the Proposed Capitalisation to FACBII as disclosed in Note 36(e)(iv).

(b) An amount of RM16,942,500 (2012: RM2,881,100) being deposits received from the purchasers for the disposal of land which are currently classified as non-current assets classified as held for sale as disclosed in Note 17.

In addition, included in other payables of the Group and the Company are amount of RM1,438,541 (2012: RM1,412,901) and RM 1,378,541 (2012: RM1,351,639) owing to related parties in which certain Directors of the Company are also Directors and have substantial financial interest. These amounts are unsecured, interest free and are repayable on demand by cash.

Included in refundable deposits of the Company are rental deposits received from:

(a) subsidiaries amounting to RM37,500 (2012: RM37,500); and
(b) related parties in which certain Directors of the Company are also Directors and have substantial financial interest amounting to RM71,500 (2012: RM71,500).

26. AMOUNT OWING TO A DIRECTOR

This amount owing to a Director is non-trade in nature, unsecured, interest free and is repayable on demand by cash.

Included in the amount owing to the Director is an amount of RM26,694,674 (2012: RM Nil) being gratitude sum payable to the Director pursuant to the three separate shareholders' advances agreements entered into between the Director and the Company on 6 December 2012 as disclosed in Note 36(b).

An amount of RM322,171,319, comprising the gratitude sum of RM26,694,674 and advances of RM295,476,645, out of the total outstanding amount would be settled through the Proposed Capitalisation to TSCLK as disclosed in Note 36(e)(iii).

27. PROVISIONS

	Group			Company
	Employee benefits RM	**Legal claim RM**	**Total RM**	**Employee benefits RM**
At 1.4.2012	406,652	6,129,556	6,536,208	135,971
Add: Additional provision	153,190	-	153,190	-
Less: Utilisation	(205,338)	-	(205,338)	(41,052)
At 31.3.2013	**354,504**	**6,129,556**	**6,484,060**	**94,919**
			-	
At 1.4.2011	257,429	-	257,429	135,971
Add: Additional provision	642,996	6,129,556	6,772,552	-
Less: Utilisation	(493,773)	-	(493,773)	-
At 31.3.2012	406,652	6,129,556	6,536,208	135,971

Employee benefits
Employee benefits are in respect of short term accumulating compensated absences.

Legal claim
This is in respect of a legal claim by Danaharta Managers Sdn Bhd ("Danaharta") of which the court ruled in favour of Danaharta. At the reporting date, the Company is in the process of negotiating with Danaharta for an amicable settlement.

28. REVENUE

	Group	
	2013 RM	**2012 RM**
Attributable revenue from construction contracts and property development	**20,018,102**	40,018,078
Sales of completed units	**7,694,620**	2,105,734
Hotel and golfing revenue	**65,073,868**	72,375,255
Sales of goods and services	**513,979**	58,751
Sales of vacant land	**2,298,796**	34,600,000
	95,599,365	149,157,818

29. DIRECT COSTS

	Group	
	2013 RM	2012 RM
Attributable construction contracts and property development costs	**12,107,379**	13,830,047
Cost of completed units	**5,522,655**	2,026,198
Cost of sales and services	**66,420,305**	83,961,896
Cost of vacant land and incidental costs	**90,522**	20,767,522
	84,140,861	120,585,663

30. LOSS BEFORE TAX

(a) Loss before tax is arrived at after charging/(crediting):

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Amortisation of upfront fee for a banking facility	**885,870**	1,474,645	**-**	-
Auditors' remuneration:				
- current year	**275,612**	344,459	**50,000**	50,000
- other services	**10,000**	48,100	**-**	-
Depreciation of property, plant and equipment	**13,841,083**	22,378,102	**36,321**	49,151
(Gain)/Loss on foreign exchange:				
- realised	**(32,938)**	(93,909)	**-**	-
- unrealised	**50,056**	517,570	**-**	-
Gain on disposal of:				
- non-current assets classified as held for sale	**-**	(13,832,478)	**-**	-
- property, plant and equipment	**-**	(5,499)	**-**	-
Gratitude sum payable to a Director (Note 26)	**26,694,674**	-	**26,694,674**	-
Impairment loss on:				
- amounts owing by subsidiaries	**-**	-	**20,450,161**	2,946,941
- investment in subsidiaries	**-**	-	**-**	23,054,617
- property, plant and equipment	**-**	174,309	**-**	-
- receivables	**2,116,300**	1,447,926	**-**	-
Interest expenses	**11,769,592**	23,285,963	**2,428,444**	6,517,808
Interest income	**(78,951)**	(86,948)	**-**	-
Leaseback rental	**18,426,599**	16,382,037	**-**	-
(Utilisation of)/Provision of employee benefits, net	**(52,148)**	149,223	**(41,052)**	-
Provision for legal claim	**-**	6,129,556	**-**	-

30. LOSS BEFORE TAX (CONT'D)

(a) Loss before tax is arrived at after charging/(crediting) (Cont'd):

	Group		Company	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Rental of:				
- equipment	**119,831**	124,470	**-**	-
- premises	**343,872**	343,428	**236,380**	194,981
- premises revenue	**(67,840)**	(25,076)	**-**	-
Staff costs:				
- contribution to defined plan	**1,729,449**	1,905,185	**216,214**	156,916
- salaries and others	**18,448,721**	22,314,831	**2,405,720**	1,698,332
Reversal of impairment loss on:				
- amount owing by a subsidiary	**-**	-	**(430,617)**	-
- receivables	**(64,255)**	(1,133)	**-**	-
- property, plant and equipment	**(2,305,450)**	-	**-**	-
- land held for property development	**(21,368,794)**	-	**-**	-
Write back of:				
- payables	**-**	(16,632)	**-**	-
- liabilities directly associated with non-current assets classified as held for sale	**(56,916,438)**	-	**(56,916,438)**	-
Written-off of:				
- available-for-sale financial assets	**-**	70,000	**-**	-
- amounts due from subsidiaries	**-**	-	**2,113,362**	-
- bad debts	**190,263**	8,366,869	**-**	-
- deposits	**-**	104,027	**-**	-
- inventories	**3,606**	28,368	**-**	-
- property, plant and equipment	**1**	349,616	**-**	548

(b) Directors' remuneration

Included in staff costs were aggregate amount of remuneration (excluding benefit-in-kind) received and receivable by the Directors during the financial year as follows:

	Group		Company	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Directors of the Company				
Executive Directors				
- fees	**36,000**	36,000	**-**	-
- other emoluments	**1,186,997**	1,073,779	**300,000**	300,000
	1,222,997	1,109,779	**300,000**	300,000
Non-Executive Directors				
- fees	**114,000**	219,000	**114,000**	219,000
	114,000	219,000	**114,000**	219,000
	1,336,997	1,328,779	**414,000**	519,000

30. LOSS BEFORE TAX (CONT'D)

(b) Directors' remuneration (Cont'd)

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

	Number of Directors	
	2013	**2012**
Executive Directors:		
Below RM50,000	**1**	1
RM50,001 - RM100,000	**-**	-
RM100,001 - RM150,000	**-**	-
RM150,001 - RM200,000	**-**	-
RM200,001 - RM250,000	**-**	1
RM250,001 - RM300,000	**2**	1
RM300,001 - RM350,000	**-**	-
RM350,001 - RM400,000	**-**	-
RM400,001 - RM450,000	**-**	-
RM450,001 - RM500,000	**1**	-
RM500,001 - RM550,000	**-**	1
Non-Executive Directors:		
Below RM50,000	**4**	3
RM50,0001 - RM100,000	**-**	-
RM100,001 - RM150,000	**-**	1

31. INCOME TAX EXPENSE

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Statement of comprehensive income:				
Current tax:				
Based on result for the year	**2,000,534**	2,876,531	**-**	-
Overprovision in prior year	**(48,043,442)**	(16,269)	**-**	-
	(46,042,908)	2,860,262	**-**	-
Deferred tax (Note 22):				
Origination and reversal of temporary differences	**232,500**	1,639,410	**-**	-
Under/(Over)provision in prior year	**55,162,755**	(15,394,283)	**-**	-
	55,395,255	(13,754,873)	**-**	-
Income tax recognised in profit or loss	**9,352,347**	(10,894,611)	**-**	-
Deferred income tax related to other comprehensive income				
Net decrease on revaluation of land and buildings	**-**	(29,584,179)	**-**	-
Under/(over) provision in prior year	**4,182,260**	(4,182,248)	**-**	-
	4,182,260	(33,766,427)	**-**	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

31. INCOME TAX EXPENSE (CONT'D)

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

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Loss before tax	**(10,000,849)**	(53,505,185)	**(1,041,875)**	(42,851,313)
Tax at the Malaysian statutory income tax rate of 25% (2012: 25%)	**(2,500,200)**	(13,376,300)	**(260,500)**	(10,712,800)
Tax effect on non-deductible expenses	**17,708,034**	13,558,210	**14,607,000**	10,707,700
Tax effect on non-taxable income	**(14,349,700)**	(610)	**(14,336,800)**	-
Deferred tax assets not recognised during the year	**7,378,900**	6,584,500	**-**	5,100
Utilisation of deferred tax assets not recognised in previous year	**(6,004,000)**	(2,249,859)	**(9,700)**	-
(Over)/Underprovision in prior year				
- current tax	**(48,043,442)**	(16,269)	**-**	-
- deferred tax	**55,162,755**	(15,394,283)	**-**	-
Income tax recognised in profit or loss	**9,352,347**	(10,894,611)	**-**	-

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Unutilised tax losses	**257,657,800**	230,096,800	**655,600**	655,600
Unabsorbed capital allowances	**26,672,500**	13,646,100	**2,399,900**	2,399,900
	284,330,300	243,742,900	**3,055,500**	3,055,500

32. LOSS PER ORDINARY SHARE

The basic loss per ordinary share has been calculated based on the Group's loss attributable to owners of the parent of RM19,348,992 (2012: RM42,596,972) divided by the number of ordinary shares in issue during the financial year of 2,030,059,680 (2012: 2,030,059,680) ordinary shares of RM0.50 each.

33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash held under housing development accounts	**916,015**	639,556	**-**	-
Cash and bank balances	**12,542,407**	5,072,975	**7,412,300**	756,890
	13,458,422	5,712,531	**7,412,300**	756,890
Fixed deposits with licensed banks (Note 16)	**1,807,558**	3,013,528	**-**	-
	15,265,980	8,726,059	**7,412,300**	756,890
Less: Cash deposits pledged [(b) and (c)]	**(1,799,011)**	(2,777,075)	**-**	-
Cash and cash equivalents	**13,466,969**	5,948,984	**7,412,300**	756,890

Cash and cash equivalents of the Group which are not freely available for the Group's use are as follows:

(a) cash held under housing development accounts are maintained pursuant to the requirements of the Housing Developers (Housing Development Account) Regulations, 1991, therefore these monies are for the purpose of payment of expenses incurred on the housing development and are restricted from use in other operations;

(b) cash deposits amounting to RM1,414,826 (2012: RM2,395,593) are pledged for bank guarantee facilities granted by banks for the purpose of issuing bank guarantee in favour of Ministry of Local Government and Housing in respect of the developer's license granted to certain subsidiaries; and

(c) cash deposits amounting to RM384,185 (2012: RM381,482) are pledged for bank guarantee facility granted to certain subsidiaries.

34. RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

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

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

(b) Inter-company transactions are as follows:

	Company	
	2013 RM	2012 RM
Impairment loss on amounts owing by subsidiaries	**20,450,161**	2,946,941
Reversal of impairment loss on amount owing by a subsidiary	**(430,617)**	-
Purchase of air tickets and tour from a subsidiary	**376,995**	368,323
Employee benefits expenses allocated to subsidiaries	**351,576**	419,339
Meals and accommodation charges paid and payable to subsidiaries	**247,691**	356,686
Write off of amounts owing by subsidiaries	**2,113,362**	-

34. RELATED PARTY DISCLOSURES (CONT'D)

(c) Related party transactions are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Paid and payable to/(Received and receivable from) related parties in which certain Directors of the Company have substantial financial interests and are also Directors:				
- Rental of premises	**236,380**	259,974	**236,380**	259,974
- Ticketing and tour revenue	**-**	(31,835)	**-**	-
- Interest payable	**2,681,678**	2,401,555	**-**	-
Received and receivable from related party in which a Director of the Company has substantial financial interest and is also a Director:				
- Ticketing and tour revenue	**(219,466)**	(599,726)	**-**	-
Gratitude sum payable to a Director	**26,694,674**	-	**26,694,674**	-
Advances from a Director	**322,630,487**	27,909,313	**322,630,487**	-

Information regarding outstanding balances arising from related party transactions as at 31 March 2013 is disclosed in Notes 13, 15, 25 and 26 respectively.

(d) Compensation of key management personnel

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits expenses	**1,228,800**	1,247,760	**414,000**	519,000
Post employment benefits expenses	**108,197**	81,019	**-**	-

Included in the total compensation of key management personnel is:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors' remuneration	**1,336,997**	1,328,779	**414,000**	519,000

Information regarding transactions with the key management personnel as at 31 March 2013 is disclosed in Note 30(b).

35. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2013 RM	**2012 RM**
Payable within one year	**16,394,339**	16,394,339
Payable after one year but not more than 5 years	**5,666,564**	22,060,903
	22,060,903	38,455,242

Minimum lease payments recognised in profit or loss for the financial year ended 31 March 2013 amounted to RM18,426,599 (2012: RM16,382,037).

36. SIGNIFICANT EVENTS

(a) On 13 August 2012, a settlement agreement was entered into between the Company, Bukit Unggul Golf and Country Resort Sdn Bhd which is a wholly-owned subsidiary of the Company, Tan Sri Dr Chen Lip Keong ("TSCLK") and Abrar Discounts Berhad ("ADB") in respect of the settlement of outstanding sum of RM157,082,575 as at 25 May 2011 comprising the principal sum for a promissory note of RM130,000,000 ("Promissory Note"), interest, costs and other charges under the Promissory Note and security documents due and payable to ADB for a settlement sum of RM110,000,000 as full and final settlement subject to the terms and conditions therein. The Promissory Note was fully paid and settled on 2 October 2012.

(b) On 6 December 2012, the Company entered into three separate shareholder's advances agreements with TSCLK in respect of the following:

i. A total of RM98,426,645, being the amount as at 30 November 2012 advanced by TSCLK to the Company for various purposes and in consideration of the advances made by TSCLK, the Company agreed to compensate TSCLK with a gratitude sum of RM6,643,799 subject to the terms and conditions contained therein;

ii. A total of RM100,000,000, being the amount advanced by TSCLK to the Company for the settlement of the Promissory Note vide a settlement agreement dated 13 August 2012 [Note 36(a)]. In consideration of the advances made by TSCLK, the Company agreed to compensate TSCLK with a gratitude sum of RM6,750,000 subject to the terms and conditions contained therein; and

iii. A total of RM197,050,000, being the amount advanced by TSCLK to the Company for the repayment of a syndicated standby letter of credit facilities (Term Loan II)(Note 21) obtained by Hartamas Group Berhad, which is a wholly-owned subsidiary of the Company. In consideration of the advances made by TSCLK, the Company agreed to compensate TSCLK with a gratitude sum of RM13,300,875 subject to the terms and conditions contained therein.

(c) On 6 December 2012, the Company entered into a settlement agreement with TSCLK in relation to the debt settlement of RM322,171,139 owing to TSCLK via the issuance of 2,899,831,854 new ordinary shares of the Company at the issue price of RM0.1111 per share ("Proposed Capitalisation to TSCLK").

(d) On 6 December 2012, the Company entered into a settlement agreement with FACBII and Dapan Holdings Sdn Bhd, which is an indirect wholly-owned subsidiary of the Company, in relation to the settlement of debt owing to FACBII via the issuance of new ordinary shares of the Company at the issue price of RM0.1111 per share ("Proposed Capitalisation to FACBII").

36. SIGNIFICANT EVENTS (CONT'D)

(e) On 6 December 2012, the Company announced that it will undertake the following proposals ("Proposed Corporate Exercise"):

i. Proposed capital reconstruction involving the cancellation of RM0.40 of the par value of every existing ordinary shares of RM0.50 each in the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 and the credit arising therefrom to be offset against the accumulated losses of the Company ("Proposed Capital Reconstruction");

ii. Proposed renounceable rights issue of up to 507,514,920 new ordinary shares of RM0.10 each in the Company ("KCB share(s)" or "share(s)") ("Rights Share(s)") on the basis of one (1) rights share for every four (4) existing KCB shares held, together with up to 1,015,029,840 free detachable warrants ("Warrants") on the basis of two (2) Warrants for every one (1) Right Share subscribed for, based on an entitlement date to be determined later after the Proposed Capital Reconstruction ("Proposed Rights Issue with Warrants");

iii. Proposed Capitalisation to TSCLK;

iv. Proposed Capitalisation to FACBII;

v. Proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 to TSCLK and the parties acting in concert with him from the obligation to undertake a mandatory take-over offer for all the remaining KCB shares not already held by them pursuant to the Proposed Rights Issue with Warrants, the Proposed Capitalisation to TSCLK and the Proposed Capitalisation to FACBII ("Proposed Exemption"); and

vi. Proposed amendments to the memorandum and articles of association of KCB ("Proposed Amendments").

Approvals for the Proposed Corporate Exercise have been obtained from:

1) The Controller of Foreign Exchange (via Bank Negara Malaysia) had on 18 February 2013 approved the issuance of the warrants to the entitled non-resident shareholders of the Company pursuant to the Proposed Rights Issue with Warrants;

2) Bursa Malaysia Securities Berhad had on 10 May 2013 approved the listing application submitted on 6 February 2013;

3) The shareholders of the Company via an extraordinary general meeting held on 27 June 2013; and

4) The Securities Commission for the Proposed Exemption on 9 July 2013.

The implementation of the Proposed Corporate Exercise is now subject to approval being obtained from the High Court of Malaya, pursuant to Section 64(1) of the Companies Act, 1965.

37. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their services and has four reportable operating segments as follows:

Leisure and tourism	Travel and tours agency, golf and country club operation and management, resort hotel operation and management.
Property development and construction	Property development, construction and project contractor.
Management services, venture capital and investment holdings	Investment holdings, provision of management services, consultancy and money lending.
Trading	Trading of goods.

37. SEGMENT INFORMATION (CONT'D)

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence no disclosures are made on segment assets and liabilities.

(a) Operating Segments

	Leisure & Tourism RM	Property Development & Construction RM	Management Services, Venture Capital & Investment Holdings RM	Trading RM	Adjustment and Eliminations RM	Note	Consolidated RM
2013							
Revenue							
External revenue	**61,044,851**	**36,444,089**	**1,367,895**	**-**	**(3,257,470)**		**95,599,365**
Inter-segment revenue	**(1,217,621)**	**(1,246,490)**	**(793,359)**	**-**	**3,257,470**	a(i)	**-**
Total revenue	**59,827,230**	**35,197,599**	**574,536**	**-**	**-**		**95,599,365**
Result							
Interest expenses	**4,673,728**	**4,664,173**	**2,431,691**	**-**	**-**		**11,769,592**
Interest income	**-**	**(78,670)**	**(281)**	**-**	**-**		**(78,951)**
Other non-cash expenses/ (income)	**9,302,622**	**(17,151,143)**	**(29,109,652)**	**3**	**-**	a(ii)	**(36,958,170)**
Segment (loss)/ profit before tax	**(17,524,244)**	**(20,381,933)**	**21,148,252**	**471,468**	**6,285,608**	a(ii)	**(10,000,849)**
2012							
Revenue							
External revenue	66,502,401	93,706,016	1,574,243	154,785	(12,779,627)		149,157,818
Inter-segment revenue	(3,230,837)	(8,033,298)	(1,515,492)	-	12,779,627	a(i)	-
Total revenue	63,271,564	85,672,718	58,751	154,785	-		149,157,818
Result							
Interest expenses	7,198,765	8,808,389	7,278,809	-	-		23,285,963
Interest income	(35,486)	(51,288)	(174)	-	-		(86,948)
Other non-cash expenses/ (income)	28,188,833	(1,623,189)	541,878	133,038	-	a(ii)	27,240,560
Segment loss before tax	(32,482,755)	(2,336,179)	(18,920,157)	(394,088)	627,994	a(ii)	(53,505,185)

37. SEGMENT INFORMATION (CONT'D)

(a) Operating Segments (Cont'd)

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Other non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	2013 RM	2012 RM
Amortisation of upfront fee for a banking facility	**885,870**	1,474,645
Depreciation of property, plant and equipment	**13,841,083**	22,378,102
(Gain)/Loss on foreign exchange:		
- realised	**(32,938)**	(93,909)
- unrealised	**50,056**	517,570
Gratitude sum payable to a Director	**26,694,674**	-
Gain on disposal of:		
- non-current assets classified as held for sale	**-**	(13,832,478)
- property, plant and equipment	**-**	(5,499)
Impairment loss on:		
- property, plant and equipment	**-**	174,309
- receivables	**2,116,300**	1,447,926
(Utilisation of)/provision for employee benefits,net	**(52,148)**	149,223
Provision for legal claim	**-**	6,129,556
Reversal of impairment loss on:		
- receivables	**(64,255)**	(1,133)
- property, plant and equipment	**(2,305,450)**	-
- land held for property development	**(21,368,794)**	-
Write back of:		
- payables	**-**	(16,632)
- liabilities directly associated with non-current assets classified as held for sale	**(56,916,438)**	-
Written off of:		
- available-for-sale financial assets	**-**	70,000
- bad debts	**190,263**	8,366,869
- deposits	**-**	104,027
- inventories	**3,606**	28,368
- property, plant and equipment	**1**	349,616
	(36,958,170)	27,240,560

(b) Geographical Information

Revenue information based on the geographical location of customers is as follows:

	Group	
	2013	2012
Malaysia	**95,599,365**	149,157,818

There is no single customer with revenue equal or more than 10% of the Group revenue.

38. MATERIAL LITIGATIONS

Group

(i) On 10 December 2012, a group of purchasers and owners of units ("Claimants") of a development known as Precinct Dillenia, Nexus Residences Karambunai ("Project") has initiated an arbitration claim against Nexus Bay Resort Karambunai Sdn Bhd ("Respondent"), an indirect wholly-owned subsidiary of the Company who is also the developer for the Project, for amongst others, the outstanding rental of RM18,550,801.05 and overdue interest of RM8,571,605.36 pursuant to the hotel sub-lease agreements entered into between the respective Claimants and the Respondent. The Respondent had filed an application to strike out the Claimants' Statement of Claim on 4 April 2013 in respect of which the Claimants had filed an Affidavit in Opposition and the Respondent had filed Respondent's Affidavit in Reply and Reply Submissions. The Respondent is currently awaiting Arbitrator's ruling. The Respondent's solicitors are of the view that the Respondent has a fair chance of striking out the Claimants' Statement of Claim and in the event the Respondent does not succeed, directions for trial will be given.

(ii) In 1998, Ho See Sin ("the Petitioner"), a minority shareholder of First Travel and Tours (M) Sdn Bhd ("FTT") which is a 95.69%-owned subsidiary company of the Company, had presented a legal petition against FTT, the Company and a Director of the Company (collectively the "Respondents") to wind up FTT pursuant to Section 181 of the Companies Act, 1965, on allegation that the affairs of FTT were being conducted in a manner oppressive to the Petitioner and in disregard of his interest as a shareholder of FTT. The last hearings for this matter were on 29 April 2009 and 30 April 2009. Subsequently, there has been no new hearing date fixed. The solicitors for FTT are of the view that the petition ought to be dismissed against the Respondents if the case proceeds further. The Respondents intend to file an application to strike out the case for want of prosecution.

39. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair values gain or loss are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Available for sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group				
2013				
Financial Assets				
Available for sale financial assets	130,000	-	-	130,000
Trade receivables	-	19,996,871	-	19,996,871
Other receivables	-	6,882,660	-	6,882,660
Cash deposits with licensed banks	-	1,807,558	-	1,807,558
Cash and bank balances	-	13,458,422	-	13,458,422
Total financial assets	130,000	42,145,511	-	42,275,511

39. FINANCIAL INSTRUMENTS (CONT'D)

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

	Available for sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group				
2013 (Cont'd)				
Financial Liabilities				
Trade payables	**-**	**-**	**109,281,140**	**109,281,140**
Other payables	**-**	**-**	**177,400,314**	**177,400,314**
Amount owing to a Director	**-**	**-**	**422,618,768**	**422,618,768**
Hire purchase payables	**-**	**-**	**1,256,079**	**1,256,079**
Bank borrowings	**-**	**-**	**14,898,763**	**14,898,763**
Total financial liabilities	**-**	**-**	**725,455,064**	**725,455,064**
2012				
Financial Assets				
Available for sale financial assets	130,000	-	-	130,000
Trade receivables	-	19,004,984	-	19,004,984
Other receivables	-	10,028,627	-	10,028,627
Cash deposits with licensed banks	-	3,013,528	-	3,013,528
Cash and bank balances	-	5,712,531	-	5,712,531
Total financial assets	130,000	37,759,670	-	37,889,670
Financial Liabilities				
Trade payables	-	-	87,327,648	87,327,648
Other payables	-	-	159,047,005	159,047,005
Amount owing to a Director	-	-	73,293,607	73,293,607
Hire purchase payables	-	-	2,342,239	2,342,239
Promissory Note - secured	-	-	154,191,781	154,191,781
Bank borrowings	-	-	232,226,989	232,226,989
Total financial liabilities	-	-	708,429,269	708,429,269

39. FINANCIAL INSTRUMENTS (CONT'D)

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

	Available for sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company				
2013				
Financial Assets				
Available for sale financial assets	**60,000**	**-**	**-**	**60,000**
Other receivables	**-**	**116,109**	**-**	**116,109**
Amounts owing by subsidiaries	**-**	**322,083,939**	**-**	**322,083,939**
Cash and bank balances	**-**	**7,412,300**	**-**	**7,412,300**
Total financial assets	**60,000**	**329,612,348**	**-**	**329,672,348**
Financial Liabilities				
Other payables	**-**	**-**	**14,977,569**	**14,977,569**
Amount owing to a Director	**-**	**-**	**422,618,768**	**422,618,768**
Amounts owing to subsidiaries	**-**	**-**	**56,537,672**	**56,537,672**
Total financial liabilities	**-**	**-**	**494,134,009**	**494,134,009**
2012				
Financial Assets				
Available for sale financial assets	60,000	-	-	60,000
Other receivables	-	488,963	-	488,963
Amounts owing by subsidiaries	-	69,814,426	-	69,814,426
Cash and bank balances	-	756,890	-	756,890
Total financial assets	60,000	71,060,279	-	71,120,279
Financial Liabilities				
Other payables	-	-	20,038,023	20,038,023
Amount owing to a Director	-	-	15,749,201	15,749,201
Amounts owing to subsidiaries	-	-	55,540,339	55,540,339
Promissory Note - secured	-	-	154,191,781	154,191,781
Total financial liabilities	-	-	245,519,344	245,519,344

39. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

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

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Receivables
Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the inability of its customers to make payments when due. Cash and bank balances and fixed deposits with licensed banks are placed with credit worthy financial institutions.

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

The Group does not have any significant exposure to any individual customer at the reporting date.

Inter Company Balances
The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the advances to subsidiaries are not recoverable after than those which had been impaired. The Company does not specifically monitor the ageing of the advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Financial Guarantees
The Company provides secured corporate guarantees amounting to RM77,210,254 (2012: RM266,073,021) to banks in respect of banking facilities granted to certain subsidiaries and to suppliers for granting of credit term to the subsidiaries.

As at reporting date, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote at the initial recognition to the outstanding loans in the subsidiaries are adequately secured by assets as disclosed in Note 21. Should the subsidiaries default any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding debts.

At the end of the reporting date, there was no indication that the subsidiary which was granted with the Term Loan I (Note 21) would default on repayment. Hence, the financial guarantee granted by the Company has not been recognised since the fair value on initial recognition was not material.

39. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Interest rate risk

The Group is exposed to interest rate risk arising primarily from financing through interest bearing financial assets and financial liabilities. The Group's policy is to obtain the financing with the most favourable interest rates in the market.

Interest bearing financial assets includes cash deposits with licensed banks and other corporation which are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee and borrowing facilities granted to the Group.

Borrowings at floating rate amounting to RM14,898,763 (2012: RM14,898,763) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM1,256,079 (2012: RM219,670,465) expose the Group to fixed interest rate risk.

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	Group	
	2013 RM	**2012 RM**
Financial Asset		
Fixed deposits with licensed banks	**1,807,558**	3,013,528
Financial Liability		
Bank borrowings - secured	**14,898,763**	232,226,989

<u>Interest rate sensitivity analysis</u>

An increase in market interest rates by 1% on financial assets and liabilities of the Group which have variable interest rates at the end of the reporting period would increase the loss before tax by RM130,900 (2012: RM2,292,100). This analysis assumes that all other variables remain unchanged.

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

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's exposures to liquidity risk arise primarily from mismatches of financial assets and liabilities. The Group's financial liabilities comprise of trade payable and other payables which are due within one year or payable on demand and term loans / hire purchase payables which have fixed terms of repayment.

As disclosed in Note 2(d), the Directors of the Company are of the opinion that the going concern assumption of the Group and the Company is appropriate as the Group is currently undertaking certain initiatives, which include the implementation of corporate restructuring and fund raising exercise to meet their obligations in the immediate term as disclosed in Note 36(e). In addition, the Group has entered into sale and purchase agreement for the disposal of land (Note 17) and has obtained continuing support from creditors, major shareholder and bankers and will continue to streamline the operations of the Group and the Company to generate positive cash flows and future profits.

39. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

	2013				
	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
Group					
Trade payables	**109,281,140**	**109,281,140**	**109,281,140**	**-**	**-**
Other payables	**177,400,314**	**177,400,314**	**177,400,314**	**-**	**-**
Hire purchase payables	**1,256,079**	**1,328,765**	**900,106**	**142,170**	**286,489**
Amount owing to a Director	**422,618,768**	**422,618,768**	**422,618,768**	**-**	**-**
Bank borrowings - secured	**14,898,763**	**14,898,763**	**14,898,763**	**-**	**-**
	725,455,064	**725,527,750**	**725,099,091**	**142,170**	**286,489**
Company					
Other payables	**14,977,569**	**14,977,569**	**14,977,569**	**-**	**-**
Amount owing to a Director	**422,618,768**	**422,618,768**	**422,618,768**	**-**	**-**
Amounts owing to subsidiaries	**56,537,672**	**56,537,672**	**56,537,672**	**-**	**-**
	494,134,009	**494,134,009**	**494,134,009**	**-**	**-**

	2012				
	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
Group					
Trade payables	87,327,648	87,327,648	87,327,648	-	-
Other payables	159,047,005	159,047,005	159,047,005	-	-
Hire purchase payables	2,342,239	2,468,424	1,654,189	645,993	168,242
Amount owing to a Director	73,293,607	73,293,607	73,293,607	-	-
Promissory Note - secured	154,191,781	154,191,781	154,191,781	-	-
Bank borrowings - secured	232,226,989	239,129,030	230,321,505	-	8,807,525
	708,429,269	715,457,495	705,835,735	645,993	8,975,767
Company					
Other payables	20,038,023	20,038,023	20,038,023	-	-
Amount owing to a Director	15,749,201	15,749,201	15,749,201	-	-
Amounts owing to subsidiaries	55,540,339	55,540,339	55,540,339	-	-
Promissory Note - secured	154,191,781	154,191,781	154,191,781	-	-
	245,519,344	245,519,344	245,519,344	-	-

39. FINANCIAL INSTRUMENTS (CONT'D)

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

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD, SGD and RMB exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

	Denominated in			
	USD RM	**SGD RM**	**RMB RM**	**Total RM**
Group				
2013				
Financial liabilities				
Trade payables	**-**	**155,802**	**1,246,828**	**1,402,630**
Bank borrowing - secured	**14,898,763**	**-**	**-**	**14,898,763**
	14,898,763	**155,802**	**1,246,828**	**16,301,393**
2012				
Financial liabilities				
Trade payables	-	1,596	2,609,782	2,611,378
Bank borrowing - secured	14,898,763	-	-	14,898,763
	14,898,763	1,596	2,609,782	17,510,141

39. FINANCIAL INSTRUMENTS (CONT'D)

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

(iv) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis
The following table demonstrates the sensitivity of the Group's loss for the financial year to a reasonably possible change in the USD, SGD and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	2013 Increase/ (Decrease)	2012 Increase/ (Decrease)
Effects on loss for the financial year:		
USD		
- Strengthen by 5% (2012: 5%)	**744,938**	744,938
- Weaken by 5% (2012: 5%)	**(744,938)**	(744,938)
SGD		
- Strengthen by 5% (2012: 5%)	**7,790**	80
- Weaken by 5% (2012: 5%)	**(7,790)**	(80)
RMB		
- Strengthen by 5% (2012: 5%)	**62,341**	130,489
- Weaken by 5% (2012: 5%)	**(62,341)**	(130,489)

(c) Fair value of financial instruments

Financial instrument at fair value

The fair value measurement hierarchies used to measure financial instruments at fair value in the statements of financial position are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

39. FINANCIAL INSTRUMENTS (CONT'D)

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

Financial instrument at fair value (Cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2013				
Financial Asset				
Available for sale financial asset	**-**	**-**	**130,000**	**130,000**
2012				
Financial Asset				
Available for sale financial asset	-	-	130,000	130,000
Company				
2013				
Financial Asset				
Available for sale financial asset	**-**	**-**	**60,000**	**60,000**
2012				
Financial Asset				
Available for sale financial asset	-	-	60,000	60,000

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of short term receivables and payable, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

39. FINANCIAL INSTRUMENTS (CONT'D)

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

Financial instrument other than those carried at fair value (Cont'd)

Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

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

	Group		Company	
	Carrying Amount RM	Fair Values RM	Carrying Amount RM	Fair Values RM
2013				
Financial Asset				
Available-for-sale financial assets (Note 7)	**130,000**	*	**60,000**	*
Financial Liability				
Hire purchase payables (non-current)	**391,584**	**371,147**	**-**	**-**
2012				
Financial Asset				
Available-for-sale financial assets (Note 7)	130,000	*	60,000	*
Financial Liability				
Hire purchase payables (non-current)	780,594	785,326	-	-

* Information regarding fair value of unquoted equity instruments is disclosed in Note 7.

The fair value of hire purchase payables and fixed rate loan is estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements.

40. CAPITAL MANAGEMENT

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings (exclude trade and other payables, amount owing to a Director, less cash and cash equivalents). Capital includes equity attributable to owners of the parent.

40. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio is as follows:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Total interest-bearing borrowings (RM)	**16,154,842**	388,761,009	**-**	154,191,781
Less: Cash and cash equivalents (RM)	**13,466,969**	5,948,984	**7,412,300**	756,890
Total net debts (RM)	**2,687,873**	382,812,025	**(7,412,300)**	153,434,891
Total equity attributable to the owners of the parent (RM)	**547,671,294**	571,301,267	**650,219,558**	651,261,433
Debt-to-equity ratio (%)	**0.5%**	67.0%	*****	23.6%

** Not meaningful*

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

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

41. SUBSEQUENT EVENTS

(a) On 3 April 2013, Dapan Holdings Sdn Bhd, an indirect wholly-owned subsidiary of the Company, entered into ten separate sale and purchase agreements to dispose ten lots of vacant leasehold land in Bandar Sierra, KM 20, Jalan Tuaran, Kota Kinabalu, Sabah held under country lease 015414972 to Sinkong Construction Sdn Bhd for an aggregate cash consideration of RM35,049,546.

(b) Subsequent to the financial year end, the following dormant wholly-owned subsidiaries of the Company have been struck off from the respective Registrars of Companies:

i. Sunnyland Corporation Limited;
ii. Sahara Red Incorporated;
iii. Alpha Terrace Sdn Bhd;
iv. FACBAerospace Sdn Bhd;
v. FACB Management Sdn Bhd;
vi. First Multimedia Corporation Sdn Bhd;
vii. First Network (M) Sdn Bhd; and
viii. Karambunai Two Golf & Country Club Sdn Bhd

42. COMPARATIVE FIGURES

The comparative figures have been audited by a firm of chartered accountant other than UHY.

43. DATE OF AUTHORISATION FOR ISSUE

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

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

The following analysis of realised and unrealised retained profits/ (accumulated losses) of the Group and of the Company as at 31 March 2013 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The accumulated losses of the Group and of the Company as at 31 March 2013 is analysed as follows:

	Group		Company	
	2013 **RM**	**2012** **RM**	**2013** **RM**	**2012** **RM**
Total accumulated losses of the Company and its subsidiaries				
- realised	**(1,323,671,636)**	(1,238,978,452)	**(476,346,081)**	(475,304,206)
- unrealised	**(63,557,958)**	(10,403,575)	**-**	-
	(1,387,229,594)	(1,249,382,027)	**(476,346,081)**	(475,304,206)
Less: Consolidation adjustments	**600,855,286**	472,891,198	**-**	-
Total accumulated losses	**(786,374,308)**	(776,490,829)	**(476,346,081)**	(475,304,206)

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

group properties
As at 31 March 2013

	Location	Area (Hectares)	Description	Tenure	Year of Expiry	Age of Building	Carrying Value 2013 RM
1	CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	242.81	Resort Development	Leasehold : 999 years	2897	-	818,998,835
2	CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	364.10	Resort Development	Leased : 99 years	2093	-	426,335,538
3	Lots 12292,12293 & PT 2182 Mukim Dengkil District of Sepang Selangor	551.59	Resort Development	Leasehold : 99 years	2087	-	164,100,000
4	Country Lease No 015414972 Miles 13 Tuaran Road District of Kota Kinabalu Sabah	115.26	Mixed Development	Leasehold : 999 years	2905	-	73,605,395

shareholders' information

As at 31 July 2013

Authorised Share Capital	:	RM2,000,000,000.00 divided into 4,000,000,000 ordinary shares of RM0.50 each
Issued & Fully Paid-up	:	RM1,015,029,840.00 divided into 2,030,059,680 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	Every member present in person or by proxy has one (1) vote on a show of hands and on a poll, every member present in person or by proxy has one (1) vote for each share he holds

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1-99	481	0.975%	19,317	0.001%
100 -1,000	10,282	20.838%	9,992,851	0.492%
1,001 - 10,000	28,025	56.796%	128,393,952	6.325%
10,001 - 100,000	9,171	18.586%	317,415,372	15.636%
100,001 to less than 5% of issued shares	1,381	2.799%	680,115,672	33.502%
5% and above of issued shares	3	0.006%	894,122,516	44.044%
TOTAL	**49,343**	**100.000%**	**2,030,059,680**	**100.000%**

TOP THIRTY SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	Chen Lip Keong	481,640,720	23.725%
2	HSBC Nominees (Tempatan) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (Chen Lip Keong)	253,481,763	12.486%
3	HSBC Nominees (Tempatan) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (LGT-Msian Clts)	159,000,033	7.832%
4	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	19,239,800	0.948%
5	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Aik Pen	15,000,000	0.739%
6	Vun Shui Moi @ Vun Siew Moi	14,435,300	0.711%
7	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund	13,839,000	0.682%
8	Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited	13,286,369	0.654%
9	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd	12,820,666	0.632%
10	RHB Capital Nominees (Tempatan) Sdn Bhd Tan Aik Pen	11,564,300	0.570%
11	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	10,340,100	0.509%
12	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Chai Hock	8,700,000	0.429%
13	Quah Choo Chunn	8,355,200	0.412%

TOP THIRTY SHAREHOLDERS (CONT'D)

	Name of Shareholders	No. of Shares	%
14	Quantum Symbol Sdn Bhd	8,150,000	0.401%
15	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuan	6,068,600	0.299%
16	How Lea Peng	6,000,000	0.296%
17	Yeoh Kean Hua	5,490,000	0.270%
18	CIMSEC Nominees (Asing) Sdn Bhd Exempt an for CIMB Securities (Singapore) Pte Ltd	5,373,268	0.265%
19	Choo Keng Kit	5,000,000	0.246%
20	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Aik Pen	5,000,000	0.246%
21	Jasmi Bin Mohd Ismail	5,000,000	0.246%
22	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for San Tuan Sam	4,807,000	0.237%
23	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	4,654,100	0.229%
24	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	4,574,700	0.225%
25	Jin Fu	4,283,000	0.211%
26	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Chun Kim @ Liew Chun Tai	3,902,300	0.192%
27	Low Kim Leng	3,850,000	0.190%
28	AMSEC Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Tan Swee Tin	3,700,000	0.182%
29	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Tau Tai (MOB)	3,520,000	0.173%
30	Chong Yew Meng	3,500,000	0.172%
	TOTAL	**1,104,576,219**	**54.411%**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct No. of Ordinary Shares Held	%	Indirect No. of Ordinary Shares Held	%
Tan Sri Dr Chen Lip Keong	[a] 891,122,516	43.90%	-	-

[a] Held as registered holder and through HSBC Nominees (Tempatan) Sdn Bhd

directors' shareholdings

As at 31 July 2013

	Name of Directors	Direct No. of Ordinary Shares Held	%	Indirect No. of Ordinary Shares Held	%
1.	Datuk Wan Kassim bin Ahmed	-	-	-	-
2.	Tan Sri Dr Chen Lip Keong	[(a)] 891,122,516	43.90	-	-
3	Chen Yiy Fon	-	-	-	-
4.	Datuk Robin Loh Hoon Loi	-	-	-	-
5.	Chen Yiy Hwuan	-	-	-	-
6.	Dato' Dr Mohd Aminuddin bin Mohd Rouse	-	-	-	-
7.	Lim Mun Kee	-	-	-	-

Notes:

[(a)] Held as registered holder and through HSBC Nominees (Tempatan) Sdn Bhd

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting of Karambunai Corp Bhd will be held at Magibah, Nexus Resort & Spa Karambunai, No. 1, Nexus Drive West, Karambunai, off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Thursday, 26 September 2013 at 10.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business:-

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2013 together with the Reports of Directors and Auditors thereon.	**(Please refer to Note A of the Explanatory Notes)**
2. To approve the payment of Directors' fees for the financial year ended 31 March 2013.	**Resolution 1**
3. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:-	
(a) Tan Sri Dr Chen Lip Keong	**Resolution 2**
(b) Datuk Robin Loh Hoon Loi	**Resolution 3**
4. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 4**

As Special Business:-

To consider and, if thought fit, pass with or without modifications the following Ordinary Resolutions:-

5. **Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965.** — **Resolution 5**

   "THAT the Directors of the Company be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time subject to Section 132D(3) 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 pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being."

6. **Retention of Independent Director** — **Resolution 6**

   "**THAT** Datuk Wan Kassim bin Ahmed be retained as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

7. To transact any other ordinary business of which due notice shall have been received.

By Order of the Board
CHANG YUET MEI, MAICSA 0781552
YEW NYUK KWEI, MACS 01247
Company Secretaries

Kota Kinabalu
4 September 2013

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation either under its common seal, or the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power of authority, shall be deposited at the Company's Registered Office, No. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting.

5. Please note that in order to attend and vote at the Meeting, a member must be registered in the Record of Depositors at 4.00 p.m. on 18 September 2013 in accordance with Article 51(e) of the Company's Articles of Association. Any changes in the entries on the Record of depositors after the above mentioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

6. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Bhd, which allows a member of the Company which is an exempt authorized nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus") to appoint multiple proxies in respect of each omnibus account it holds.

7. The 2013 Annual Report is in CD-ROM format. Printed copies of the Annual Report shall be provided to the shareholders upon request. Shareholders who wish to receive a printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Mr Goh Chin Khoon at Tel: 03-79681001 & Fax: 03-79588013 or Ms Felicity Chong at Tel: 088–480870 / 411111 & Fax: 088-480899 / 412111 or e-mail to cosec@karambunaicorp.com.

EXPLANATORY NOTES:-

A. Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

B. Ordinary Resolution 5 - Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

   The proposed resolution, if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

   No proceeds were raised from the previous mandate.

   The renewed mandate will provide flexibility to the Company for any possible fund raising activities for the purpose of funding further investment project(s), working capital and/or acquisitions.

C. Ordinary Resolution 6 - Retention of Independent Director

   Datuk Wan Kassim bin Ahmed was appointed an Independent Director on 29 March 2002. Datuk Wan Kassim bin Ahmed has served the Company for more than eleven (11) years as at the date of the notice of the Annual General Meeting and has met the independent guideline as set out in chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Datuk Wan Kassim bin Ahmed to be independent and recommends Datuk Wan Kassim bin Ahmed to remain as an Independent Director.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Names of Directors standing for re-election / re-appointment:-

   (a) Tan Sri Dr Chen Lip Keong - Resolution 2
   (b) Datuk Robin Loh Hoon Loi - Resolution 3

2. Information on the above Directors is set out on pages 11 and 12 of the Annual Report.

   Details of attendance of Board Meetings held during the financial year ended 31 March 2013 for the above Directors are set out on page 27 of this Annual Report.

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proxy form

KARAMBUNAI CORP BHD (6461-P)
(Incorporated in Malaysia)

Securities Account Number			Number of Shares
ADA Code	**Branch Code**	**CDS Account No.**	

*I/We, ____
(Please use block letters)

of ____
(Full address)

being a *member/members of **KARAMBUNAI CORP BHD** hereby appoint:-

Full name (in Block)	*NRIC/Passport No./ Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Full name (in Block)	*NRIC/Passport No./ Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Forty-Seventh Annual General Meeting of the Company to be held at the Magibah, Nexus Resort & Spa Karambunai, No. 1, Nexus Drive West, Karambunai, off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Thursday, 26 September 2013 at 10.00 a.m. and any adjournment thereof.

*Please indicate with "X" in the appropriate box how you wish your vote to be cast. If this proxy Form is returned without any indication as how the proxy shall vote, the proxy will vote or abstain from voting as *he/she/they may think fit.*

No.	Resolutions	FOR	AGAINST
1	Approval of Directors' fees		
2	Re-election of Tan Sri Dr Chen Lip Keong as Director		
3	Re-election of Datuk Robin Loh Hoon Loi as Director		
4	Re-appointment of Messrs UHY as Auditors		
5	Authority pursuant to Section 132D of the Companies Act, 1965		
6	Retention of Datuk Wan Kassim bin Ahmed as an Independent Non-Executive Director		

* Strike out whichever not applicable

Signed this ____________ day of ____________, 2013

Signature/Seal of Shareholder

Contact No. (during office hours)

NOTES:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote, in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under seal, or the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power or authority, shall be deposited at the Company's Registered Office, No. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
5. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Bhd, which allows a member of the Company which is an exempt authorized nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus") to appoint multiple proxies in respect of each omnibus account it holds.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors at 4.00 p.m. on 18 September 2013 shall be entitled to attend, speak on & vote at the meeting.

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THE COMPANY SECRETARIES

KARAMBUNAI CORP BHD
No. 9020, Nexus Drive West, Karambunai
PPM No. 200, Menggatal
88450 Kota Kinabalu
Sabah, Malaysia

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Karambunai, Off Jalan Sepangar
Locked Bag 100, 88993 Kota Kinabalu
Sabah, Malaysia

Tel : +6088-480 888
Fax : +6088-480 999
Email : info@nexusresort.com

www.**nexusresort**.com

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Daerah Sepang, 43807 Dengkil
Selangor Darul Ehsan

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Tel : +603-7968 1222 • Fax : +603-7958 4775

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