Karambunai Corp Bhd 6461-P

towards eco destination

Annual Report 2014

CONTENTS

CORPORATE PROFILE

Karambunai Corp Bhd ("KCB" or the "Company" and together with its subsidiaries, the "Group") 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, construction, project contractor and venture capital.

KARAMBUNAI PENINSULA

KCB Group is a leading tourism player in the State of 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 international leisure travellers. Karambunai Peninsula is situated approximately 30 kilometres north-east of the Kota Kinabalu city center 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 Peninsula is a piece of paradise 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. The IR project is within the Sabah state government's Kinabalu Gold Coast Enclave development, an initiative aimed at transforming Sabah into an internationally recognised destination for business and leisure by year 2025.

Jewel in the crown, Karambunai Peninsula… *Some say it's Heaven*... will continue to be the focus of KCB 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, an 18-hole world-class golf course.

NEXUS RESORT & SPA KARAMBUNAI

Nexus Resort & Spa Karambunai ("Nexus Resort") 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 Ocean Wing and Borneo Wing. The Ocean Wing features 243 Ocean panorama deluxe and premier guestrooms, tastefully furnished and spread over five-storey with private balconies offering panoramic views of the South China Sea and the beautifully-landscaped gardens. The Borneo Wing is a private enclave of seven villa-styled two-storey buildings offering 236 sea and landscaped 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 at the starting point of the Karambunai white sandy 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 (MICE) facilities; and the serene 6-kilometre Karambunai white sandy beach.

CORPORATE PROFILE

KARAMBUNAI GOLF COURSE

Karambunai Golf Course ("Karambunai Golf") is one of the premier golf courses in the island of Borneo, specifically in Kota Kinabalu, Sabah. It is located within walking distance of Nexus Resort & Spa Karambunai. Designed by the 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 for its unique location and design which offers golfers a challenging and enjoyable experience. Nestled between the million year-old rainforest and the South China Sea, golfers can also enjoy the breathtaking views of Mount Kinabalu and Karambunai white sandy beach. Over the years, Karambunai Golf has hosted many prestigious events and has won numerous awards including the readers 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, our award winning world-class health and wellness spa, 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 two double 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 a relaxation pool that offers further opportunity to unwind and relax. Rustic cabanas on the resort's beach front offer an alternative outdoor massage environment with the sound of the waves and the sea breeze adding to the massage experience. The Borneo Spa has won numerous awards over the years and it has stood up to the demanding expectations of today's discerning Spa-goers and its competitors who are constantly looking for a new and refreshing experience where the bar of service excellence is continually growing. Borneo Spa continues in the forefront as a key player charting standards of quality and excellence in the health and wellness spa industry in Kota Kinabalu Sabah.

NEXUS RESIDENCES

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

BANDAR SIERRA

KCB Group is also a major property developer in Kota Kinabalu, Sabah. Comprising 415 acres, Bandar Sierra is being developed into a mixed residential and commercial township development. Approximately 30 minutes' drive from the Kota Kinabalu city center, Bandar Sierra is strategically located in the middle of a rapidly developing growth corridor. It is also within close proximity to Nexus Resort & Spa Karambunai, Universiti Malaysia Sabah, the Sabah State's new federal administrative center, 1 Borneo Shopping Mall and 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 the Bukit Unggul Eco-Media City. Approximately 40 minutes' drive from Kuala Lumpur city center, Bukit Unggul ECO-Media City 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 development includes the Bukit Unggul Golf Course, an 18-hole international class golf course, and the Bukit Unggul Golf and Country Club. Designed by the world renowned American golf course architect, Ronald Fream, Bukit Unggul Golf Course is well known for its unique setting amongst a matured rainforest spread over rolling hills and a serene valley ambience. This par-71 golf course is a challenging hilly golf course that demands patience and skills.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Karambunai Corp Bhd ("KCB" or the "Company" and together with its subsidiaries, the "Group"), I am pleased to present the annual report for the financial year ended 31 March 2014.

ECONOMIC REVIEW

The Malaysian economy expanded by 4.7% in year 2013 (2012:5.6%), driven by continued strong growth in domestic demand. Despite the weak external environment in the first half of the year, domestic demand remained resilient throughout the year, led by robust private sector activity. Private consumption was strong, supported largely by favourable employment conditions and wage growth. Private investment registered a strong growth in year 2013, continuing the momentum from the previous year. Growth was underpinned by capital spending in the mining, services and manufacturing sectors. The services sector expanded by 5.9% in year 2013 and remained the largest contributor to GDP growth. The tourism industry remained one of the key economic growth sectors. The year 2013 recorded 25.7 million tourist arrivals, contributing RM65.44 billion in receipts, a remarkable year-on-year increases in tourist arrivals and foreign exchange earnings. In the property development residential subsector, a series of property cooling measures have led to a moderation in demand and pricing during the financial year under review.

FINANCIAL PERFORMANCE

Overall, the Group's financial results registered a loss for the year under review. The Group registered a net loss of RM56.04 million on the back of RM157.36 million in revenue. The Group, however, is now on a stronger financial footing following the completion of a corporate exercise undertaken during the year under review. The corporate exercise involved a capital reconstruction, rights issue of shares and warrants, and capitalisation of debts which are more fully described in the corporate development section below. The shareholders' fund of the Group has increased from RM547.67 million to RM899.67 million while the total liabilities shrank from RM1,050.83 million to RM635.84 million. Net assets per share stood at 15.57 sen as at the end of the financial year.

DIVIDEND

No dividend was paid during the year and the Board does not recommend any dividend payment for the current financial year under review.

CORPORATE DEVELOPMENT

During the financial year, the Company completed the following corporate exercise:-

(a) Capital Reconstruction
The capital reconstruction exercise involved 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. Following the completion of the capital reconstruction, the issued and paid up share capital of the Company was reduced from RM1,015,029,840 comprising 2,030,059,680 ordinary shares of RM0.50 each to RM203,005,968 comprising 2,030,059,680 ordinary shares of RM0.10 each. The authorised capital of the Company has accordingly been adjusted from RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each to RM2,000,000,000 divided into 20,000,000,000 ordinary shares of RM0.10 each;

(b) Rights Issue of Shares with Warrants
The right issue of shares with warrants involved a renounceable rights issue of 507,514,920 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 each ("Rights Share(s)" or "KCB Shares") on the basis of one Rights Share for every four existing KCB Shares together with 1,015,029,840 free new detachable warrants ("Warrants") on the basis of two free Warrants for every one Rights Share subscribed;

(c) Capitalisation of Debts Owing to Tan Sri Dr Chen Lip Keong
This capitalisation of debts involved the issuance of 2,899,831,854 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.1111 per share as debts settlement of RM322,171,319 owing to Tan Sri Dr Chen Lip Keong, a director of the Company; and

CHAIRMAN'S STATEMENT

(d) Capitalisation of Debts Owing to FACB Industries Incorporated Berhad
This capitalisation of debts involved the issuance of 339,181,242 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.1111 per share as debts settlement of RM37,683,035 owing to FACB Industries Incorporated Berhad.

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.

(a) Environmental protection
On environmental protection, the Group, as an established resort operator, has always adopted an environmentally friendly approach towards its resort operations. This includes policies implemented 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 whenever possible. In property development, the Group strives to adopt environmental technologies to conserve the natural environment and resources. The Group is committed to use green and clean technologies in all its property development projects.

(b) Ecological safety
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. We approach the eco-nature integrated resort development by finding the appropriate path to showcase both nature and development in a complementary and synergistic manner.

(c) Community and social obligations
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, sponsorship for local and international events such as the Borneo International Marathon event, the cleaning up of public beach and providing employment opportunities to the local community. The engagement in social activities is the Group's way of showing appreciation to the local community in which we operate our business.

(d) Organisation and workplace
On organisation and 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 the global geopolitical challenges and the negative sentiment caused by the recent Malaysia Airlines tragedy. Overall, the Malaysian economy is expected to remain on a steady growth path in year 2014 supported by its resilient domestic consumption and investments.

On the outlook for the tourism industry, lower tourist arrivals are anticipated from China and Taiwan following the tragic disappearance of flight MH370 on 8 March 2014 and the kidnapping of tourists in Sabah. These lower tourist arrivals into Sabah will adversely affect occupancy rates for Nexus Resort and the industry. The Board hopes the marketing and promotional activities for the remaining months of the Visit Malaysia Year 2014 campaign would bring in tourists from other countries to off-set the expected drop in tourist arrivals from China and Taiwan.

On the outlook for the property market, the impact of the property cooling measures will continue to lead to a moderation in demand and pricing. The property cooling measures has weighed on the market sentiment and the property market activities are expected to be slow as developers are generally held back on new launches and prospective buyers are adopting a wait-and-see attitude in response to the cooling measures. The Group is responding to the market conditions, and adjusting its pricing strategy to market demand.

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 landbank in Karambunai Peninsula into a world-class eco-nature integrated resort with the ultimate aim to position Karambunai Peninsula 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 associates and regulators for their invaluable support, understanding and confidence in us. I would also like to thank our employees and management for their dedication and hard work and our former board member, YBhg Datuk Robin Loh, for his invaluable services and contributions to the Group.
Thank you.

DATUK WAN KASSIM BIN AHMED
Chairman of the Board
22 July 2014

CEO'S REVIEW

FINANCIAL PERFORMANCE REVIEW

KCB Group achieved RM157.36 million in revenue for the financial year ended 31 March 2014, an increase of 64.6% from the RM95.60 million recorded in the previous financial year. The increase in revenue was attributed to the property development and construction segment, and the leisure and tourism segment which accounted for RM50.18 million (81.2%) and RM11.95 million (19.3%) of the increase, respectively. The Group, however, was still in the red, registering a net loss of RM56.04 million. Excluding the one-off expense from the write-off of land held for property development amounting to RM17.71 million, the adjusted loss before interest, taxation, depreciation and amortisation ("Ebitda Loss") of the Group for the current year was at RM9.59 million as compared to last year adjusted Ebitda Loss of RM8.50 million (after similar adjustments by excluding the one-off expense of RM26.69 million on gratitude sum and the one-off credit from the write back of RM56.92 million provision for promissory note liability). On a positive note, the Group starts seeing significant reduction in financing cost following the de-gearing exercise undertaken in December 2012. The bank borrowing has reduced from RM232.23 million as at 31 March 2012 to RM15.86 million as at the end of the current financial year. The Group incurred a total of RM1.97 million financing cost as compared to RM17.88 million financing cost in the previous financial year.

On segmental performance, the revenue of the Group's leisure and tourism segment grew 20% from RM59.83 million to RM71.78 million. The increase was attributed mainly to the improvement in its resort occupancy rate coupled with a higher average room rate achieved during the financial year. The leisure and tourism segment narrowed its loss for the financial year to RM3.82 million from a RM17.52 million loss a year earlier, attributed largely to higher revenue coupled with lower finance cost and leaseback rental expense. The finance cost and leaseback rental expense are expected to gradually reduce in the ensuing years. The Group is encouraged by the improvement and look forward to better financial performance in the coming year. On the other hand the property development and construction segment recorded a higher loss for the current financial year. Its segmental loss increased to RM41.10 million from a RM20.38 million loss a year earlier. The higher loss was attributed mainly to the one-off expense on the write-off of land held for property development amounting to RM17.71 million and the provision for lease rental late payment interest. Revenue increased by RM50.18 million, attributed largely to the sale of vacant land in Bandar Sierra, off-set by a lower recognition of attributable revenue from the property development in Bandar Sierra.

FINANCIAL POSITION REVIEW

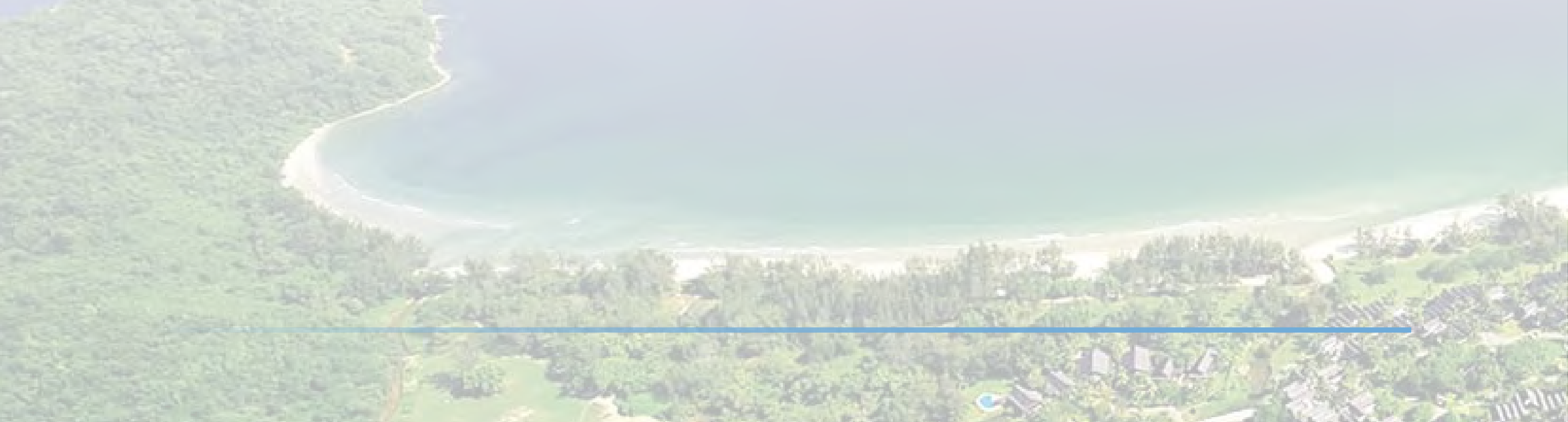
On the strength of the financial position, the Group is now in a much stronger financial footing following the completion of the corporate exercise which is more fully described below. The corporate exercise raised a total of RM50.75 million cash from the rights issue of shares and issued a total of RM359.85 million worth of ordinary shares in the Company for the settlement of debts owing to Tan Sri Dr Chen Lip Keong and FACB Industries Incorporated Berhad. The Group has reduced its total liabilities to a more manageable level where the Group saw its total liabilities shrink from RM1,050.83 million as at the beginning of the year to RM635.84 million while the shareholders' fund has improved from RM547.67 million to RM899.67 million as at the end of the financial year. We are making good progress to further improving the financial strength with initiatives to drive revenues, manage costs and improve operational efficiency and productivity.

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 has been recognised as a leading resort destination in Sabah and has, over the years, attracted many international leisure travellers from the European countries, Japan, South Korea, Taiwan, Hong Kong, China, Russia and Australia. Nexus Resort embarked on a refurbishment and modernisation exercise in year 2013 and has to-date completed the first phase of its refurbishment programme. The 236 sea and garden view guestrooms at the Borneo Wing have been refurbished with a makeover of the surrounding landscape and a signature landscape garden to further beautify the surrounding area. To add to its long list of awards, Nexus Resort was honoured to receive the Asean Green Hotel Award 2014 - 2016 during the financial year under review. Nexus Resort delivered a set of improved financial performance for the financial year under review. The average room rate grew 10% on the back of a higher occupancy rate at 65.6%. This is an encouraging improvement from the 59.9% registered a year earlier.



CEO'S REVIEW

Karambunai Golf

Karambunai Golf continues to be reputed as one of the top resort golf courses in Sabah. It is a popular destination for golfers from Korea, China, Japan, Taiwan, Hong Kong and Singapore. 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. During the year under review Karambunai Golf saw increases in foreign tourist golfer arrivals and the patronage by the local residents remain resilient as the Nexus Fairway Card, a loyalty discount card programme owned by Karambunai Golf, continued to receive good response. Revenue and profit before taxation for the year grew 12% and 3.8% respectively when compared to same period last year. Karambunai Golf played host to several golf tournaments during the financial year under review. This includes the 6th Pan Borneo Senior Amateur Golf Championship, Carlsberg Golf Classic and the Rookie Championship.

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 in this new millennium where modern amenities are created in harmony with its lush natural surroundings. The township development is progressing well, a total of 404 units of double storey terrace and semi-detached houses, 18 units of double storey shoplots and 644 units of 4-storey apartment have been completed. During the financial year under review, the Group launched another four blocks comprising 224 units of 4-storey apartment with an estimated RM53.5 million gross development value. The Group saw a moderation in the property market demand during the year under review. The property market sentiment was affected by the property cooling measures and consumers are generally remained cautious on concerns over escalating cost of living following the subsidy rationalisation exercise which saw the hikes in electricity tariff and petrol prices, and the removal of sugar subsidy. Despite these negative sentiments, we are confident of a good take-up rate for our new launch given that our products are focus on affordable medium range housing development where the demand is expected to remain strong.

CORPORATE EXERCISE

This year, the Group completed the following corporate exercise aimed at putting the Group back to better financial footing.

(a) Capital reconstruction to eliminate accumulated losses
The capital reconstruction exercise which took effect from 28 August 2013 involved 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. The issued and paid up share capital of the Company was reduced from RM1,015,029,840 comprising 2,030,059,680 ordinary shares of RM0.50 each to RM203,005,968 comprising 2,030,059,680 ordinary shares of RM0.10 each following the completion of the capital reconstruction. A credit amounted to RM812.02 million was created therefrom and a portion of the credit, amounted to RM542.11 million, was used to eliminate an equivalent amount of accumulated losses of the Company. The remaining credit amounted to RM269.91 million has been credited to a capital reserve account thereafter. It was imperative that the accumulated losses of the Company be eliminated so as to be more reflective of the fundamentals and net worth of the Company. The authorised capital of the Company has accordingly been adjusted from RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each to RM2,000,000,000 divided into 20,000,000,000 ordinary shares of RM0.10 each following the completion of the capital reconstruction.

(b) Fund raising
The Rights Issue of 507,514,920 ordinary shares with 1,015,029,840 warrants were completed following the listing of and quotation for the said shares and warrants on the Main Market of Bursa Malaysia Securities Berhad on 28 October 2013. A total of RM50.75 million was raised which is being used for the refurbishment and modernisation of Nexus Resort & Spa Karambunai and for other working capital purposes. The Company stands to receive another RM132.56 million when the warrants are exercised. The warrants are exercisable within a period of ten years from the date of issue at an exercise price of RM0.1306.

(c) Capitalisation of debts
A total of 3,239,013,096 ordinary shares of RM0.10 each in the Company were issued at an issue price of RM0.1111 per share as debts settlement of amounts owing to Tan Sri Dr Chen Lip Keong and FACB Industries Incorporated Berhad. The Group thereby reduced its debts level by RM359.85 million through the issuance of shares without involving any cash outflow.

The Group is now financially more stable with a stronger capital base going forward.

CEO'S REVIEW

MOVING FORWARD

Moving forward, the Group will continue to focus on its core business in the leisure and tourism and property development. The Group will continue to review its business needs and capital expenditure plans to improve cash inflows and revenues. The Group has made good progress in managing its financial liabilities and strives to further improve its financial strength and discipline.

In the leisure and tourism segment, the Group will continue the refurbishment plan to update the Nexus Resort & Spa Karambunai products. We are encouraged by the refurbishment progress so far and look forward to seeing the completion of the refurbishment exercise in the coming year. We are confident that the refurbishment exercise will further enhance the quality and appeal of Nexus Resort to a broader range of international leisure travellers. On the leisure and tourism business outlook, we expect a challenging year following the tragic disappearance of flight MH370 on 8 March 2014 and the kidnapping tourist incidents in Sabah. We anticipate a substantial drop in tourist arrivals from China and Taiwan for the coming year, and will embark on marketing and promotional activities to promote arrivals from other countries. Going forward the Group will continue to focus on yield and cost management. On yield management, the Group will continue to refine the market mix of its customers and to strategically price its room rate to maximise the overall revenues for its resort. Efforts will be taken to achieve an optimum balance of customers mix amongst the tour, free independent travelers and MICE market segments. On service excellence, the Group strives to train and maintain an experienced and service oriented team who are committed to uphold a high standard of service excellence.

In the property development segment, the Group continues its development in Bandar Sierra mixed township development and we will see the completion of another 224 units in a four blocks 4-storey apartment in the next 12 months.

The development of the eco-nature integrated resort in Karambunai Peninsula will also be the focus of the Group in the coming years. The integrated resort is designed to showcase the natural beauty of Karambunai Peninsula 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. We are 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.

Thank you

CHEN YIY FON
Chief Executive Officer
22 July 2014

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)

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 Secretary

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

Share Registrars

Semangat Corporate Resources Sdn Bhd
Ground Floor, No. 118, Jalan Semangat
46300 Petaling Jaya, Selangor Darul Ehsan
Tel : 603-79681001
Fax : 603-79588013

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Bursa Code : 3115
Bloomberg Code: KRBN MK

Investor Relations

Email : ir@karambunaicorp.com
Tel : 603-79681222

Auditors

UHY
Chartered Accountants

Solicitors

Yap Chin & Tiu
Lim Guan Sing & Co

Principal Bankers

OCBC Bank Malaysia Berhad
Malayan Banking Berhad

BOARD OF DIRECTORS' PROFILE

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

- Aged 65, Malaysian
- Appointed to the Board on 29 March 2002 and as Chairman of the Board 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
- He also serves as Chairman, Independent and Non-Executive Director of FACB Industries Incorporated Berhad, an Independent and Non-Executive Director of Petaling Tin Berhad and Octagon Consolidated Berhad

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

- Aged 67, Malaysian
- Appointed to the Board on 31 January 1991
- Controlling shareholder and President of Karambunai Corp Bhd
- Graduated with a Bachelor of Medicine and Surgery from University of Malaya in 1973 (M.B.B.S. Malaya) and has 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 33, Malaysian
- Appointed to the Board as Director and Chief Operating Officer on 1 August 2007, and assume the position of Chief Executive Officer on 29 September 2010
- A member of the Remuneration Committee
- Graduated with a Bachelor of Arts in Economics from University of Southern California, Los Angeles
- Previously worked for Morgan Stanley, Los Angeles, California and Credit Suisse First Boston, Singapore
- He also serves as the Chief Executive Officer and Executive Director of Petaling Tin Berhad, Executive Director of FACB Industries Incorporated Berhad and as director for subsidiaries of Karambunai Corp Bhd

CHEN YIY HWUAN
Non-Independent Executive Director

- Aged 34, 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

BOARD OF DIRECTORS' PROFILE

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

- Aged 69, 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)

LIM MUN KEE
Independent Non-Executive Director

- Aged 47, 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 Accountant, Financial Controller and Head of Internal Audit
- Mr. Lim also sits on the Board 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.

OUR AWARDS & ACCOLADES

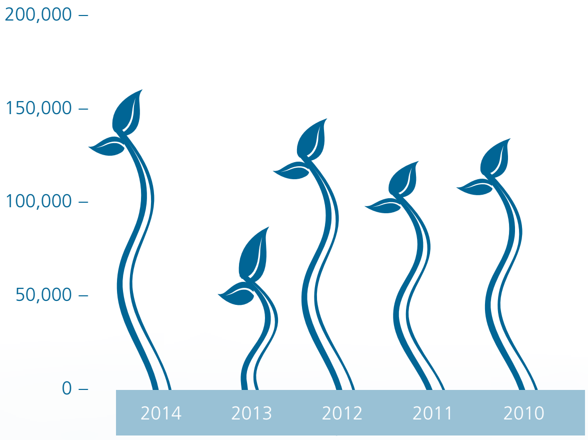
1. **2014-** ASEAN Green Hotel Standard 2014-2016
2. **2012-** World Luxury Spa Awards
3. **2012-** DBKK Litter Free (Nexus Karambunai Golf Course)
4. **2012-** Top 10 Family Resorts (Holidays with kids)
5. **2011-** Malaysia's Best Restaurant's Noble House
6. **2011-** Malaysia's Best Restaurant's Olives
7. **2011-** World Luxury Spa Awards 2011 (Runner-up)
8. **2011-** Malaysian Spa & Wellness Awards 2011 (Best Resort Spa)
9. **2010-** South East Asia's 20 Best Resort Developments 2010- Property Report South East Asia
10. **2010-** 2010 China Low Carbon Real Estate Award- Model Villa
11. **2010-** ASEAN Green Hotel Standard Recognition Awards 2009-2010
12. **2010-** Malaysian Spa & Wellness Awards 2009 (Best Resort Spa)
13. **2009-** 12th Sabah Hospitality Fiesta (Champion-Hotel/ Resort Category)
14. **2008-** Fastbooking Asia Pvt Ltd (Best Performance-Hotel Internet Revenue Malaysia Market)
15. **2008-** HAPA (Hospitality Asia Platinum Award) 2008-2010 Regional Series Top 5 HAPA Signature Leisure & Recreation Resort
16. **2008-** SAGA Holidays (Travellers World, Good Food Award)
17. **2008-** SAGA Holidays (Travellers World, Top Stay Award)
18. **2008-** ASEAN Green Hotel Recognition Award (ASEAN Green Hotel Standard Recognition Award 2008-2009)
19. **2007-** Sabah Tourism Awards 2007 Winner-Excellence in Hotel Services (3,4 & 5 Stars)
20. **2007-** HAPA (Hospitality Asia Platinum Award) 2007-2008
Top 5 HAPA MICE Hotel of the Year
Top 5 HAPA Golf Resort of the Year
Top 10 HAPA Luxury Resort of the Year
21. **2007-** Virgin Holidays Silver Award 2007 (Best Resort in the Far East & Australasia)
22. **2007-** SAGA Holidays (Travellers World, Good Food Award)
23. **2007-** SAGA Holidays (Travellers World, Top Stay Award)
24. **2007-** Best Golf Course in East Malaysia (Golf Malaysia Magazine Poll 2007-2008)
25. **2007-** Best Resort Golf Course in Malaysia (Golf Malaysia Magazine Poll 2007-2008)
26. **2007-** Expat Lifestyle- Best of Malaysia Awards October 2007 Excellence Award for Best Beach Resort and Best Beach
27. **2007-** 3rd Most Memorable Golf Course in Malaysia (Golf Malaysia Magazine Poll 2007/2008)
28. **2007-** China Golf Award 2006 (My Favourite Overseas Golf Travel Destination)
29. **2006-** Virgin Holidays Golf Award 2006 (Best Resort in the Far East & Australasia)
30. **2006-** SAGA Holidays (Travellers World, Top Ten Award)
31. **2006-** SAGA Holidays (Travellers World, Good Food Award)
32. **2005-** World Travel Awards (Malaysia's Leading Golf Resort)
33. **2004-** World Travel Awards (Malaysia's Leading Golf Resort)
34. **2004-** SAGA Holidays (Travellers World, Top Ten Award)
35. **2004-** SAGA Holidays (Travellers World, Good Food Award)
36. **2004-** SAGA Holidays (Travellers World, Top Extension Award)
37. **2003-** Malaysia Tourism Award (The Minister's Special Award)
38. **2003-** SAGA Holidays (Travellers World, Top Ten Award)
39. **2003-** SAGA Holidays (Travellers World, Good Food Award)
40. **2002-** SAGA Holidays (Travellers World, Top Ten Award)
41. **2002-** SAGA Holidays (Travellers World, Good Food Award)
42. **2001-** Malaysia Tourism Award (Excellence in Hotel Services, 5 Stars 2001-2002 (Resort Hotel))
43. **2001-** SAGA Holidays (Travellers World, Top Ten Award)
44. **2001-** SAGA Holidays (Travellers World, Good Food Award)
45. **2001-** FIABCI (Prix d'Excellence Finalist in Leisure Category)
46. **2000-** FIABCI (Award of Distinction in Leisure & Resort Category)
47. **1999-** The Finest Golf Resorts Collection (Award for Distinguished Status)

FINANCIAL SUMMARY

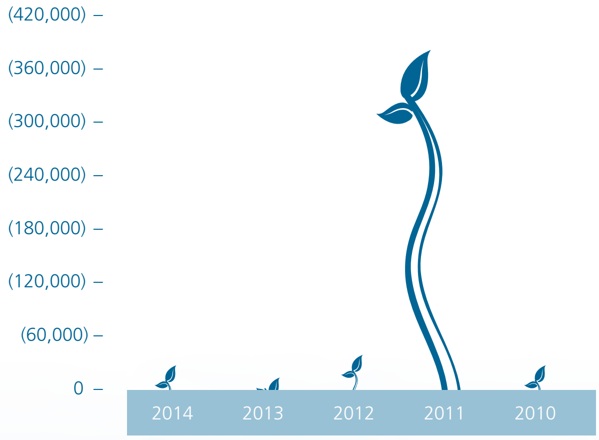
RM'000	2014	2013	2012	2011	2010
Turnover	**157,364**	95,599	149,158	125,288	139,677
Loss Before Taxation	**(46,483)**	(10,001)	(53,505)	(372,740)	(43,010)
Total Equity	**899,635**	547,653	571,288	698,779	769,612
Total Assets	**1,535,480**	1,598,484	1,589,435	1,836,389	1,755,969

RM					
Net Tangible Asset Per Share	**0.15**	0.26	0.27	0.34	0.37
Loss Per Share (sen)	**(1.51)**	(0.95)	(2.10)	(18.54)	(1.76)

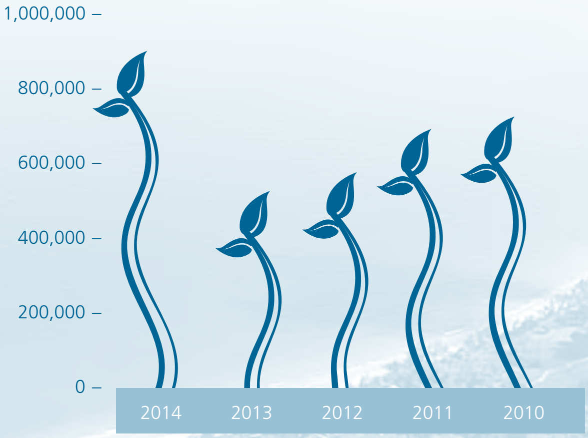
TURNOVER (RM'000)



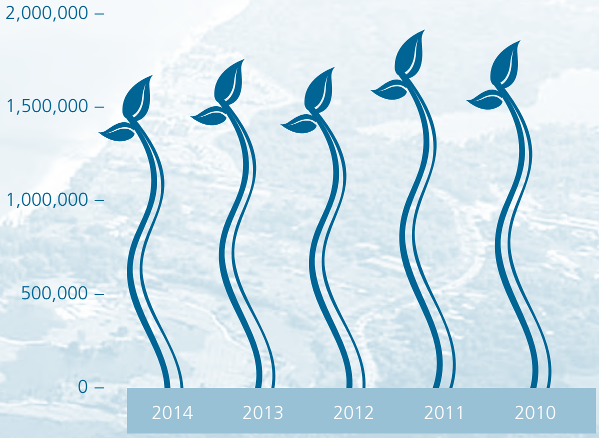
LOSS BEFORE TAXATION (RM'000)



TOTAL EQUITY (RM'000)



TOTAL ASSETS (RM'000)



STATEMENT ON CORPORATE GOVERNANCE

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) wherein 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 becomes 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. Four (4) Board meetings were held during the financial year ended 31 March 2014 (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.

STATEMENT ON CORPORATE GOVERNANCE

Board Composition

The Board currently consists of six (6) members comprising three (3) 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 continues 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 Reliability of Financial Statements and Corporate Disclosure Policy under Listing Requirements.

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.

STATEMENT ON CORPORATE GOVERNANCE

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 February 2014.

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 February 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

STATEMENT ON CORPORATE GOVERNANCE

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 February 2014.

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 22 July 2014.

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

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 February 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 controls, 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 22 July 2014 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements.

AUDIT COMMITTEE REPORT

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.

AUDIT COMMITTEE REPORT

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 Company, 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 six (6) times during the financial year and details of attendances are as follows:-

Datuk Wan Kassim bin Ahmed	6/6
Dato' Dr Mohd Aminuddin bin Mohd Rouse	6/6
Lim Mun Kee	5/6

During the financial year, relevant training attended by the above directors are detailed in the Corporate Governance Statement 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.

AUDIT COMMITTEE REPORT

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 22 July 2014.

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 22 July 2014.

OTHER COMPLIANCES STATEMENT

1. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held four (4) meetings, the attendance of which were as follows:-

	Directors	Attendance
1.	Datuk Wan Kassim bin Ahmed	4/4
2.	Tan Sri Dr Chen Lip Keong	4/4
3.	Chen Yiy Fon	4/4
4.	Chen Yiy Hwuan	4/4
5.	Dato' Dr Mohd Aminuddin bin Mohd Rouse	4/4
6.	Lim Mun Kee	3/4
7.	Datuk Robin Loh Hoon Loi (Resigned on 30/01/2014)	3/3

2. DIRECTORS' REMUNERATION

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

Description	Fees	Other Emoluments	Total
	RM	RM	RM
Executive	36,000	1,158,904	1,194,904
Non - Executive	114,000	-	114,000
Total	**150,000**	**1,158,904**	**1,308,904**

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	3
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	1	0
300,001 to 350,000	0	0
350,001 to 400,000	1	0
400,001 to 450,000	0	0
450,001 to 500,000	1	0
Total	**4**	**3**

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.

OTHER COMPLIANCES STATEMENT

3. UTILISATION OF PROCEEDS

During the financial year, the Company raised RM50,751,492 through a renounceable rights issue of 507,514,920 new ordinary shares of RM0.10 each at an issue price of RM0.10 each. The status of the utilisation as at 31 March 2014 is as follows:

	Planned utilisation RM'000	Actual utilisation to-date RM'000	Reallocation RM'000	Balance unutilised RM'000
Refurbishment and modernisation of hotel	13,000	9,331	-	3,669
Payment to trade creditors and suppliers	26,600	18,937	-	7,663
General working capital	9,151	7,568	452	1,131
Estimated expenses in relation to the corporate exercise	2,000	2,452	(452)	-
Total	**50,751**	**38,288**	**-**	**12,463**

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 issued 1,015,029,840 free new detachable warrants pursuant to the renounceable rights issue exercise carried out during the financial year on the basis of two free Warrants for every one Rights Share subscribed.

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 profit estimate, forecast or projections for the financial year.

OTHER COMPLIANCES STATEMENT

10. PROFIT GUARANTEE

During the financial 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. MATERIAL CONTRACTS RELATING TO LOANS

There were no material contracts relating to loans by the Company.

13. REVALUATION POLICY

The Company has 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 22 July 2014.

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 2014.

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	55,900,291	82,368,827
Loss attributable to:-		
Owners of the Company	55,885,326	
Non-controlling interest	14,965	
	55,900,291	

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.

CAPITAL REDUCTION AND ISSUE OF SHARES

The Company has reduced its issued and paid-up share capital pursuant to a Capital Reconstruction exercise undertaken by the Company during the financial year as more fully described in Note 36(a). The issued and paid up share capital of the Company of RM1,015,029,840 comprising 2,030,059,680 ordinary shares of RM0.50 each were reduced to RM203,005,968 comprising 2,030,059,680 ordinary shares of RM0.10 each. The authorised capital of the Company has accordingly been adjusted from RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each to RM2,000,000,000 divided into 20,000,000,000 ordinary shares of RM0.10 each.

Subsequent to the Capital Reconstruction, the Company increased its issued and paid-up ordinary share capital from RM203,005,968 to RM577,658,769 by way of:

(a) the issuance of 507,514,920 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share through a Renounceable Rights Issue on the basis of one Rights Shares for every four existing shares together with 1,015,029,840 free new detachable Warrants on the basis of two free Warrants for every one Rights Share subscribed;

(b) the issuance of 2,899,831,854 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.1111 per share as debts settlement of RM322,171,319 owing to a Director; and

DIRECTORS' REPORT

CAPITAL REDUCTION AND ISSUE OF SHARES (CONT'D)

(c) the issuance of 339,181,242 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.1111 per share as debts settlement of RM37,683,035 owing to FACB Industries Incorporated Berhad ("FACBII"), a related party in which certain Directors of the Company are also directors and substantial shareholders of the related party.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

WARRANTS 2013/2023

The principal terms of the Warrants 2013/2023 are disclosed in Note 20(d) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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
Chen Yiy Hwuan
Dato' Dr Mohd Aminuddin Bin Mohd Rouse
Lim Mun Kee
Datuk Robin Loh Hoon Loi (Resigned on 30 January 2014)

DIRECTORS' INTERESTS

The interests of the Directors in office as at the end of the financial year in the ordinary shares and Warrants 2013/2023 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			
	@ RM0.50 each	← @ RM0.10 each		→
	At 1.4.2013	Capitalisation of Debts	Rights Issue/ (Sold)	At 31.3.2014
The Company, Direct Interest				
Tan Sri Dr Chen Lip Keong	891,122,516	2,899,831,854	160,035,196	3,950,989,566
Indirect shareholdings being shares held through corporation in which the Director has an interest				
Tan Sri Dr Chen Lip Keong	-	339,181,242	-	339,181,242

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

	Number of Warrants 2013/2023		
	At 1.4.2013	Purchased/ (Exercised)	At 31.3.2014
The Company,			
Direct Interest			
Tan Sri Dr Chen Lip Keong	-	320,070,392	320,070,392

None of the other Directors held any Warrants 2013/2023 whether direct or indirect, in the Company during the financial year.

Tan Sri Dr Chen Lip Keong by virtue of his substantial interest in shares and Warrants 2013/2023 of the Company, Chen Yiy Hwuan and Chen Yiy Fon by virtue of the shares and Warrants 2013/2023 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.

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 of the Company were made out, the Directors took reasonable steps:

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

OTHER STATUTORY INFORMATION (CONT'D)

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

(i) any charge on the assets of the Group and of 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 of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their 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.

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.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 July 2014

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 35 to 107 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 2014 and of their financial performance and the cash flows for the financial year then ended.

The supplementary information set out on page 108 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 22 July 2014.

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 35 to 108 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at KUALA LUMPUR in the)
Federal Territory on 22 July 2014)
)

LIM KAM CHOY

Before me,

YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN
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 2014 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 35 to 107.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine 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 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(e) to the financial statements which discloses the premise upon which the Group has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group incurred net losses of RM55,900,291 for the financial year ended 31 March 2014, and as at that date, the Group's current liabilities exceeded its current assets by RM294,130,944.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as going concern. The financial statements have been prepared on the going concern basis which assumes that the Group will be able to operate and generate sufficient cash flows in the foreseeable future and financial support from its lenders and major shareholder will continue to enable the Group to meet its obligations as and when they fall due, and accordingly, the realisation of its assets and settlement of its liabilities will occur in the ordinary course of business.

INDEPENDENT AUDITORS' REPORT

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 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 108 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

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

UHY
Firm Number: AF 1411
Chartered Accountants

LOH CHYE TEIK
Approved Number: 1652/08/14 (J)
Chartered Accountant

KUALA LUMPUR
22 July 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**998,908,029**	1,007,206,354	**135,807**	141,898
Land held for property development	5	**435,614,214**	447,729,229	**-**	-
Subsidiaries	6	**-**	-	**814,702,339**	814,834,646
Available-for-sale financial assets	7	**130,000**	130,000	**60,000**	60,000
Capital work-in-progress	8	**-**	-	**-**	-
Deferred tax assets	9	**9,000**	892,192	**-**	-
Goodwill	10	**14,937,416**	14,937,416	**-**	-
		1,449,598,659	1,470,895,191	**814,898,146**	815,036,544
Current assets					
Property development costs	11	**9,960,633**	7,158,841	**-**	-
Inventories	12	**6,481,244**	10,065,780	**-**	-
Trade receivables	13	**20,433,439**	19,996,871	**-**	-
Other receivables	14	**9,036,510**	9,451,747	**292,770**	116,109
Amounts owing by subsidiaries	15	**-**	-	**304,714,966**	322,083,939
Fixed deposits with licensed banks	16	**4,208,787**	1,807,558	**-**	-
Cash and bank balances		**35,761,013**	13,458,422	**29,597,356**	7,412,300
		85,881,626	61,939,219	**334,605,092**	329,612,348
Non-current assets classified as held for sale	17	**-**	65,649,977	**-**	-
		85,881,626	127,589,196	**334,605,092**	329,612,348
TOTAL ASSETS		**1,535,480,285**	1,598,484,387	**1,149,503,238**	1,144,648,892
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**577,658,769**	1,015,029,840	**577,658,769**	1,015,029,840
Share premium	19	**77,959,301**	111,535,799	**77,959,301**	111,535,799
Reserves	20	**244,050,144**	(578,894,345)	**322,838,507**	(476,346,081)
Equity attributable to owners of the Company		**899,668,214**	547,671,294	**978,456,577**	650,219,558
Non-controlling interest		**(32,771)**	(17,806)	**-**	-
Total Equity		**899,635,443**	547,653,488	**978,456,577**	650,219,558

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-current liabilities					
Hire purchase payables	21	**1,041,274**	391,584	**-**	-
Bank borrowings	22	**15,863,983**	-	**-**	-
Deferred tax liabilities	23	**238,927,015**	238,700,915	**-**	-
		255,832,272	239,092,499	**-**	-
Current liabilities					
Trade payables	24	**92,282,015**	111,850,227	**-**	-
Other payables	25	**114,911,255**	177,400,314	**7,781,872**	14,977,569
Amount owing to a Director	26	**99,684,198**	422,618,768	**99,684,198**	422,618,768
Amounts owing to subsidiaries	15	**-**	-	**63,544,377**	56,537,672
Hire purchase payables	21	**646,783**	864,495	**-**	-
Bank borrowings	22	**-**	14,898,763	**-**	-
Provisions	27	**347,978**	6,484,060	**36,214**	94,919
Taxation		**72,140,341**	77,621,773	**-**	200,406
		380,012,570	811,738,400	**171,046,661**	494,429,334
Total Liabilities		**635,844,842**	1,050,830,899	**171,046,661**	494,429,334
TOTAL EQUITY AND LIABILITIES		**1,535,480,285**	1,598,484,387	**1,149,503,238**	1,144,648,892

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

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	28	**157,364,192**	95,599,365	**-**	-
Direct costs	29	**(139,791,794)**	(72,883,862)	**-**	-
Gross profit		**17,572,398**	22,715,503	**-**	-
Other income		**10,956,673**	81,789,004	**4,401,553**	57,347,055
Selling and distribution costs		**(6,199,341)**	(1,628,778)	**-**	-
Administrative costs		**(43,647,364)**	(41,622,551)	**(5,914,134)**	(6,701,493)
Other costs		**(23,192,191)**	(53,371,363)	**(81,056,652)**	(49,258,993)
		(73,038,896)	(96,622,692)	**(86,970,786)**	(55,960,486)
(Loss)/Profit from operations		**(44,509,825)**	7,881,815	**(82,569,233)**	1,386,569
Finance costs		**(1,972,968)**	(17,882,664)	**-**	(2,428,444)
Loss before tax	30	**(46,482,793)**	(10,000,849)	**(82,569,233)**	(1,041,875)
Income tax expense	31	**(9,417,498)**	(9,352,347)	**200,406**	-
Loss for the year		**(55,900,291)**	(19,353,196)	**(82,368,827)**	(1,041,875)
Other comprehensive income:					
Foreign currency translation		**(143,510)**	(98,721)	**-**	-
Income tax relating to components of other comprehensive income	31	**-**	(4,182,260)	**-**	-
Other comprehensive income, net of tax		**(143,510)**	(4,280,981)	**-**	-
Total comprehensive income for the year		**(56,043,801)**	(23,634,177)	**(82,368,827)**	(1,041,875)

	Note	Group 2014 RM	Group 2013 RM
Loss attributable to:-			
Owners of the Company		**(55,885,326)**	(19,348,992)
Non-controlling interest		**(14,965)**	(4,204)
		(55,900,291)	(19,353,196)
Total comprehensive income attributable to:-			
Owners of the Company		**(56,028,836)**	(23,629,973)
Non-controlling interest		**(14,965)**	(4,204)
		(56,043,801)	(23,634,177)
Loss per ordinary share attributable to owners of the Company (sen)	32	**(1.51)**	(0.95)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

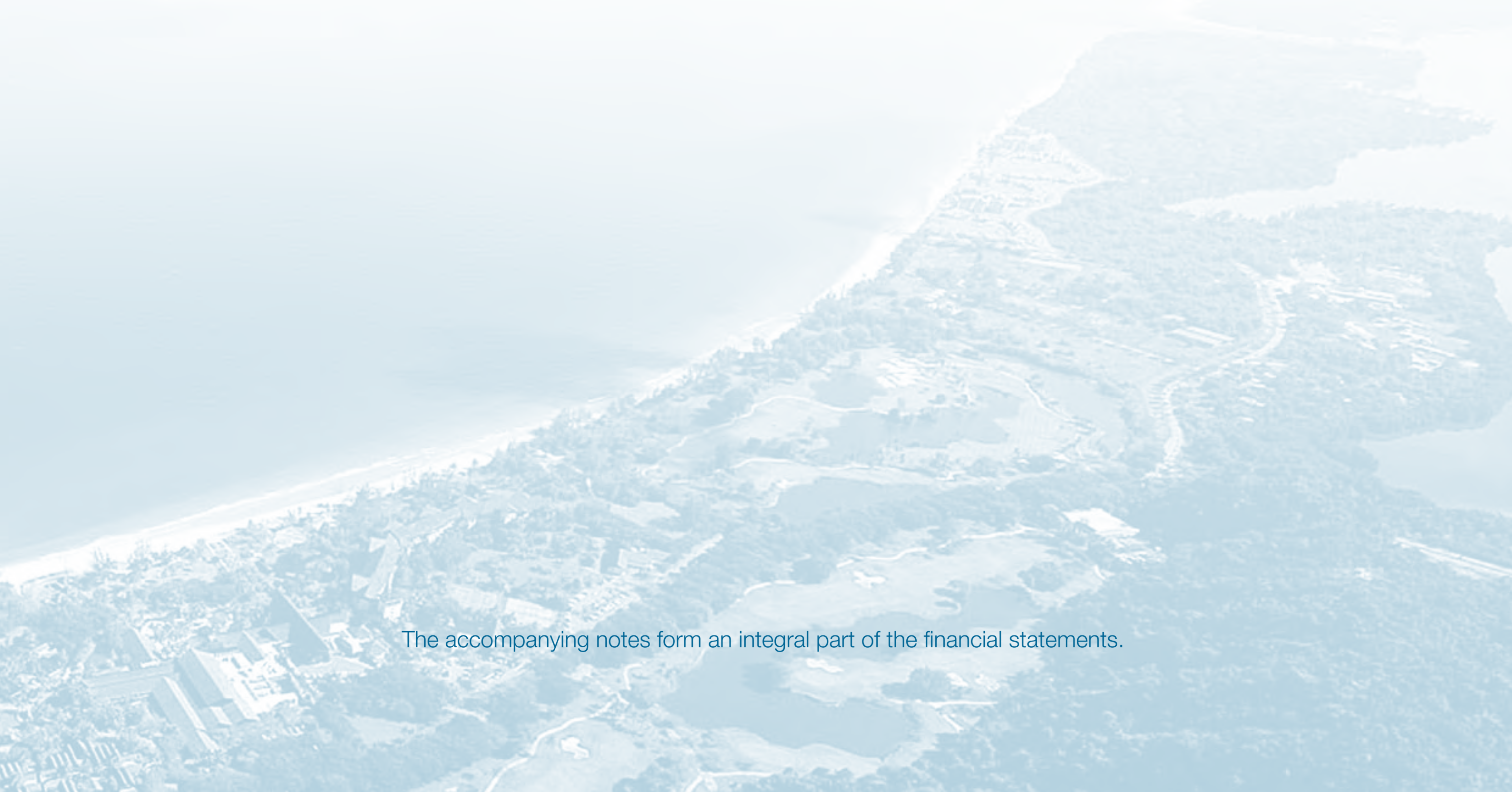
For the year ended 31 March 2014

	← Attributable to Owners of the Company							→		
	← Non-distributable					→				
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interest RM	Total Equity RM
At 1.4.12	1,015,029,840	111,535,799	-	-	211,810,892	9,415,565	(776,490,829)	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	-	-	-	-	-	(9,564,234)	9,465,513	(98,721)	-	(98,721)
Impairment loss of land and building	-	-	-	-	(4,182,260)	-	-	(4,182,260)	-	(4,182,260)
Total other comprehensive income for the year	-	-	-	-	(4,182,260)	(9,564,234)	9,465,513	(4,280,981)	-	(4,280,981)
Total comprehensive income for the year	-	-	-	-	(4,182,260)	(9,564,234)	(9,883,479)	(23,629,973)	(4,204)	(23,634,177)
At 31.3.13	1,015,029,840	111,535,799	-	-	207,628,632	(148,669)	(786,374,308)	547,671,294	(17,806)	547,653,488
At 1.4.13	1,015,029,840	111,535,799	-	-	207,628,632	(148,669)	(786,374,308)	547,671,294	(17,806)	547,653,488
Comprehensive income										
Loss for the year	-	-	-	-	-	-	(55,885,326)	(55,885,326)	(14,965)	(55,900,291)
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	(143,510)	-	(143,510)	-	(143,510)
Total comprehensive income for the year	-	-	-	-	-	(143,510)	(55,885,326)	(56,028,836)	(14,965)	(56,043,801)
Carried down	1,015,029,840	111,535,799	-	-	207,628,632	(292,179)	(842,259,634)	491,642,458	(32,771)	491,609,687

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	← Attributable to Owners of the Company							→		
	← Non-distributable					→				
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interest RM	Total Equity RM
Brought down	1,015,029,840	111,535,799	-	-	207,628,632	(292,179)	(842,259,634)	491,642,458	(32,771)	491,609,687
Capital Reconstruction	(812,023,872)	-	269,918,289	-	-	-	542,105,583	-	-	-
Issuance of shares pursuant to:-										
- Rights Issue with Warrants	50,751,492	(69,529,543)	-	69,529,543	-	-	-	50,751,492	-	50,751,492
- Capitalisation of debts owing to a Director	289,983,185	32,188,134	-	-	-	-	-	322,171,319	-	322,171,319
- Capitalisation of debts owing to FACBII	33,918,124	3,764,911	-	-	-	-	-	37,683,035	-	37,683,035
Realisation upon striking off of subsidiaries	-	-	-	-	-	(2,580,090)	-	(2,580,090)	-	(2,580,090)
Total transactions with owners of the Company	(437,371,071)	(33,576,498)	269,918,289	69,529,543	-	(2,580,090)	542,105,583	408,025,756	-	408,025,756
At 31.3.14	577,658,769	77,959,301	269,918,289	69,529,543	207,628,632	(2,872,269)	(300,154,051)	899,668,214	(32,771)	899,635,443



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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	← Non-distributable			→		
	Share Capital RM	**Share Premium RM**	**Capital Reserve RM**	**Warrant Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1.4.12	1,015,029,840	111,535,799	-	-	(475,304,206)	651,261,433
Loss for the year, representing total comprehensive income for the financial year	-	-	-	-	(1,041,875)	(1,041,875)
At 31.3.13	1,015,029,840	111,535,799	-	-	(476,346,081)	650,219,558
Loss for the year, representing total comprehensive income for the financial year	-	-	-	-	(82,368,827)	(82,368,827)
Capital Reconstruction	(812,023,872)	-	269,918,289	-	542,105,583	-
Issuance of shares pursuant to:-						
- Rights Issue with Warrants	50,751,492	(69,529,543)	-	69,529,543	-	50,751,492
- Capitalisation of debts owing to a Director	289,983,185	32,188,134	-	-	-	322,171,319
- Capitalisation of debts owing to FACBII	33,918,124	3,764,911	-	-	-	37,683,035
Total transactions with owners of the Company	(437,371,071)	(33,576,498)	269,918,289	69,529,543	542,105,583	410,605,846
At 31.3.14	577,658,769	77,959,301	269,918,289	69,529,543	(16,609,325)	978,456,577

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

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash Flows from Operating Activities				
Loss before tax	**(46,482,793)**	(10,000,849)	**(82,569,233)**	(1,041,875)
Adjustments for:-				
Amortisation of upfront fee for a banking facility	**-**	885,870	**-**	-
Bad debts recovered	**(139,982)**	-	**-**	-
Depreciation of property, plant and equipment	**17,203,343**	13,841,083	**34,951**	36,321
Gain on disposal of:				
- property, plant and equipment	**(37,886)**	-	**-**	-
- non-current assets classified as held for sale	**(11,184,307)**	-	**-**	-
Gratitude sum payable to a Director	**-**	26,694,674	**-**	26,694,674
Impairment loss on:				
- amounts owing by subsidiaries	**-**	-	**81,201,664**	20,450,161
- investment in subsidiaries	**-**	-	**132,303**	-
- receivables	**943,920**	2,116,300	**-**	-
Interest expenses	**1,972,968**	11,769,592	**-**	2,428,444
Interest income	**(1,639,590)**	(78,951)	**(1,555,703)**	-
Realisation of foreign currency translation reserve upon striking off of subsidiaries	**(2,580,090)**	-	**-**	-
Reversal of impairment loss on:				
- amount owing by subsidiaries	**-**	-	**(2,731,707)**	(430,617)
- land held for property development	**-**	(21,368,794)	**-**	-
- property, plant and equipment	**-**	(2,305,450)	**-**	-
- receivables	**(50,855)**	(64,255)	**-**	-
Utilisation of employee benefits, net	**(6,526)**	(52,148)	**(58,705)**	(41,052)
Unrealised loss on foreign exchange	**965,220**	50,056	**-**	-
Operating (loss)/profit before working capital changes carried down	**(41,036,578)**	21,487,128	**(5,546,430)**	48,096,056

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Cash Flows from Operating Activities (Cont'd)					
Operating (loss)/profit before working capital changes brought down		**(41,036,578)**	21,487,128	**(5,546,430)**	48,096,056
Write back of:					
- liabilities directly associated with non-current assets classified as held for sale		**-**	(56,916,438)	**-**	(56,916,438)
Write off of:					
- amounts due from subsidiaries		**-**	-	**2,183**	2,113,362
- bad debts		**786,036**	190,263	**-**	-
- inventories		**-**	3,606	**-**	-
- investment in subsidiaries		**-**	-	**8**	-
- land held of property development		**17,712,298**	-	**-**	-
- property, plant and equipment		**58**	1	**-**	-
- prepayments		**178,800**	-	**-**	-
		(22,359,386)	(35,235,440)	**(5,544,239)**	(6,707,020)
Changes in working capital:					
Property development costs and land held for property development		**(2,980,592)**	8,606,416	**-**	-
Inventories		**3,584,536**	2,593,372	**-**	-
Trade and other receivables		**(1,560,450)**	(88,228)	**(176,661)**	372,854
Trade and other payables		**(50,503,792)**	39,370,875	**30,487,338**	(5,060,454)
Cash (used in)/ from operations		**(73,819,684)**	15,246,995	**24,766,438**	(11,394,620)
Income tax paid		**(13,789,638)**	(393,611)	**-**	-
Interest paid		**(1,972,968)**	(11,769,592)	**-**	(2,428,444)
Interest received		**1,639,590**	78,951	**1,555,703**	-
Net cash (used in)/from operating activities carried down		**(87,942,700)**	3,162,743	**26,322,141**	(13,823,064)

STATEMENTS OF CASH FLOWS
For the year ended 31 March 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Balance brought down		**(87,942,700)**	3,162,743	**26,322,141**	(13,823,064)
Cash Flows from Investing Activities					
Advances to subsidiaries		**-**	-	**(61,103,167)**	(263,849,026)
Additions to land held for property development		**(5,597,283)**	(577,352)	**-**	-
Acquisition of subsidiaries		**-**	-	**(4)**	-
(Additions)/Withdrawal of pledged fixed deposits		**(2,400,966)**	978,064	**-**	-
Proceeds from disposal of property, plant and equipment		**45,002**	-	**-**	-
Proceeds from disposal of non-current assets classified as held for sale		**76,834,284**	-	**-**	-
Purchase of property, plant and equipment	4	**(7,493,692)**	(2,585,996)	**(28,860)**	-
Net cash from/(used in) investing activities		**61,387,345**	(2,185,284)	**(61,132,031)**	(263,849,026)
Cash Flows from Financing Activities					
(Repayment to)/Advances from a Director		**(763,251)**	322,630,487	**(763,251)**	380,174,893
Proceeds from Rights Issue		**50,751,492**	-	**50,751,492**	-
Advances from subsidiaries		**-**	-	**7,006,705**	1,427,950
Settlement of liabilities directly associated with non-current assets classified as held for sale		**-**	(97,275,343)	**-**	(97,275,343)
Payments to hire purchase payables		**(986,522)**	(1,387,671)	**-**	-
Repayment of term loans		**-**	(217,328,226)	**-**	-
Net cash from financing activities		**49,001,719**	6,639,247	**56,994,946**	284,327,500
		22,446,364	7,616,706	**22,185,056**	6,655,410
Foreign currency translation differences		**(143,510)**	(98,721)	**-**	-
Net increase in cash and cash equivalents		**22,302,854**	7,517,985	**22,185,056**	6,655,410
Cash and cash equivalents at beginning of the year		**13,466,969**	5,948,984	**7,412,300**	756,890
Cash and cash equivalents at end of the year	33	**35,769,823**	13,466,969	**29,597,356**	7,412,300

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company 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 the Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") and complied with the provisions of the Companies Act, 1965 in Malaysia.

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New MASB Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

(i) Adoption of New FRSs, Amendments/Improvements to FRSs and IC Int

On 1 April 2013, the Group and the Company had adopted the following new FRSs, Amendments/Improvements to FRSs and IC Int that are mandatory for the current financial year:

New FRSs	
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements *
FRS 12	Disclosure of Interest in Other Entities
FRS 13	Fair Value Measurement
Amendments/Improvements to FRSs	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements *
FRS 12	Disclosure of Interest in Other Entities *
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures *
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
IC Int	
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine *

* Not applicable to the Group and the Company

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(i) Adoption of New FRSs, Amendments/Improvements to FRSs and IC Int (Cont'd)

A brief discussion on the impact of the new FRSs and amendments to FRS is summarised below:

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when:

(a) the investor has power over an investee;
(b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
(c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating activities of an entity so as to obtain benefits from its activities.

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 Disclosure of Interests in Other Entities

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

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements for measuring fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FRS 127 Separate Financial Statements

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 FRS 101 Presentation of Financial Statements

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 adoption of the other new FRSs, amendments/improvements to FRSs and IC Int did not have any significant effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(ii) New FRS, Amendments/Improvements to FRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRS and amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	To be advised by MASB
Amendments/Improvements to FRSs		
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 8	Operating Segments	1 July 2014
FRS 10	Consolidated Financial Statements	1 January 2014
FRS 12	Disclosure of Interests in Other Entities	1 January 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2014
FRS 136	Impairment of Assets	1 January 2014
FRS 138	Intangible Assets	1 July 2014
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
FRS 140	Investment Property *	1 July 2014
IC Int		
IC Int 21	Levies *	1 January 2014

* Not applicable to the Group and the Company

A brief discussion on the impact of the new FRS and Amendments/Improvements to FRS are summarised below:

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

The standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(ii) New FRS, Amendments/Improvements to FRSs and IC Int that are issued but not yet effective and have not been early adopted (Cont'd)

FRS 116 Property, Plant and Equipment

The amendment to FRS 116 requires the proportionate restatement of accumulated depreciation when revaluation method is used.

FRS 124 Related Party Disclosures

The amendment to FRS 124 has expanded the definition of key management personnel to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity. Consequently, the amounts incurred by the reporting entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.

FRS 138 Intangible Assets

The amendment to FRS 138 requires the proportionate restatement of accumulated amortisation when revaluation method is used.

The adoption of the other amendments/improvements to FRSs and IC Int is not expected to have any significant effect on the financial statements of the Group and of the Company.

(iii) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs Framework to financial periods beginning on or after 1 January 2015. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs Framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which is a Transitioning Entity has chosen to defer the adoption of the MFRSs Framework to financial periods beginning on or after 1 January 2015. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs Framework for the financial year ending 31 March 2016.

As at 31 March 2014, all FRSs issued under the existing FRSs Framework are equivalent to the MFRSs issued under MFRSs Framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, the main effects arising from the transition to MFRSs Framework are discussed below. The effect is based on the Group and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group and the Company's first MFRSs financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(iii) MASB Approved Accounting Standards, MFRSs (Cont'd)

Application of MFRS1 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after the transitioning date have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

IC Int 15 Agreement for the Construction of Real Estate

IC Int 15 establishes the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group and the Company are currently assessing the impact of the adoption of this Interpretation.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

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

(d) 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.

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.

<u>Construction contracts / property development</u>
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.

2. BASIS OF PREPARATION (CONT'D)

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

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 2014, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

2. BASIS OF PREPARATION (CONT'D)

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

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.

(e) Going Concern

The Group incurred a net loss of RM55,900,291 (2013: RM19,353,196) for the financial year ended 31 March 2014. As of that date, the Group's current liabilities exceeded its current assets by RM294,130,944 (2013: RM684,149,204). These conditions indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group to continue as going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the going concern basis which assumes that the Group will be able to operate and generate sufficient cash flows in the foreseeable future and financial support from its lenders and major shareholder will continue to enable the Group to meet its obligations as and when they fall due, and accordingly, the realisation of its assets and settlement of its liabilities will occur in the ordinary course of business.

The Directors are of the opinion that the Group will continue as going concern 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

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

Consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained profit. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

Business combination (cont'd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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

Transaction with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

(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 property, plant and equipment is based on the quoted market prices for similar items.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (cont'd)

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.

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 based on the cost of an asset less it residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (cont'd)

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

Long term leasehold land	Over remaining leasehold period of 99 to 999 years
Hotel property	50 years
Golf course and its related buildings	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

Depreciated methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appreciate.

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

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.

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:

Other liabilities measured at amortised cost

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 in 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of assets (Cont'd)

(ii) Financial assets (cont'd)

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

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

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

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

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 and issuance expenses

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 proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue recognition (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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) 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 estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(u) Operating segments

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

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Fair value measurement

From 1 April 2013, the Group adopted FRS 13, Fair Value Measurement which prescribes that fair value of an asset or liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market which must be accessible to by the Group.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group had determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. PROPERTY, PLANT AND EQUIPMENT

Group	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		→	
2014							
Cost or valuation							
At 1 April 2013	689,748,287	300,000,000	29,794,402	10,001,925	47,041,703	8,120,633	1,084,706,950
Additions	-	-	-	4,189,522	4,722,670	-	8,912,192
Disposals	-	-	-	-	-	(342,467)	(342,467)
Written-off	-	-	(311,367)	-	(791,970)	(309,870)	(1,413,207)
At 31 March 2014	**689,748,287**	**300,000,000**	**29,483,035**	**14,191,447**	**50,972,403**	**7,468,296**	**1,091,863,468**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

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

Group (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			→	
2014 (cont'd)							
Accumulated Depreciation							
At 1 April 2013	5,637,334	5,357,600	7,229,516	1,148,816	35,412,726	6,288,664	61,074,656
Charge for the year	5,216,825	5,357,705	1,244,225	958,128	3,300,090	1,126,370	17,203,343
Disposals	-	-	-	-	-	(335,351)	(335,351)
Written-off	-	-	(311,367)	-	(791,922)	(309,860)	(1,413,149)
At 31 March 2014	**10,854,159**	**10,715,305**	**8,162,374**	**2,106,944**	**37,920,894**	**6,769,823**	**76,529,499**
Accumulated Impairment Loss							
At 1 April 2013	16,251,631	-	174,309	-	-	-	16,425,940
At 31 March 2014	**16,251,631**	**-**	**174,309**	**-**	**-**	**-**	**16,425,940**
Net Carrying Amount							
At 31 March 2014	**662,642,497**	**289,284,695**	**21,146,352**	**12,084,503**	**13,051,509**	**698,473**	**998,908,029**
2013							
Cost or valuation							
At 1 April 2012	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
Restatement	-	-	944,518	(5,337,282)	332,026	397,149	(3,663,589)
At 31 March 2013	689,748,287	300,000,000	29,794,402	10,001,925	47,041,703	8,120,633	1,084,706,950

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

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

Group (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			→	
2013 (cont'd)							
Accumulated Depreciation							
At 1 April 2012	-	-	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
Restatement	-	-	944,518	(5,337,282)	332,026	397,149	(3,663,589)
At 31 March 2013	5,637,334	5,357,600	7,229,516	1,148,816	35,412,726	6,288,664	61,074,656
Accumulated Impairment Loss							
At 1 April 2012	-	-	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 March 2013	16,251,631	-	174,309	-	-	-	16,425,940
Net Carrying Amount							
At 31 March 2013	667,859,322	294,642,400	22,390,577	8,853,109	11,628,977	1,831,969	1,007,206,354

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			
2014			
Cost			
At 1 April 2013	434,928	533,609	968,537
Additions	28,860	-	28,860
At 31 March 2014	463,788	533,609	997,397
Accumulated Depreciation			
At 1 April 2013	293,035	533,604	826,639
Charge for the year	34,951	-	34,951
At 31 March 2014	327,986	533,604	861,590
Net Carrying Amount			
At 31 March 2014	135,802	5	135,807
2013			
Cost			
At 1 April 2012/31 March 2013	434,928	533,609	968,537
Accumulated Depreciation			
At 1 April 2012	257,371	532,947	790,318
Charge for the year	35,664	657	36,321
At 31 March 2013	293,035	533,604	826,639
Net Carrying Amount			
At 31 March 2013	141,893	5	141,898

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

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

The additions during the financial year were made under the following modes:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash payments	**7,493,692**	2,585,996	**28,860**	-
Hire purchase arrangement	**1,418,500**	301,511	**-**	-
	8,912,192	2,887,507	**28,860**	-

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

	Group	
	2014 RM	2013 RM
Cost		
Motor vehicles	**933,000**	1,437,605
Furniture and fittings, partition and renovation, computer and other equipment	**1,324,500**	1,723,000
	2,257,500	3,160,605
Net carrying amount		
Motor vehicles	**476,091**	640,528
Furniture and fittings, partition and renovation, computer and other equipment	**1,273,796**	1,089,975
	1,749,887	1,730,503

Revaluation of leasehold land and buildings

The Group's leasehold land and buildings had been revalued in previous financial year 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

NOTES TO THE FINANCIAL STATEMENTS

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

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
2014		
Hotel property	**289,284,695**	**260,172,970**
Leasehold land at Karambunai	**648,140,557**	**346,627,578**
Leasehold land at Bukit Unggul	**14,501,940**	**38,994,271**
	951,927,192	**645,794,819**
2013		
Hotel property	294,642,400	266,342,558
Leasehold land at Karambunai	653,155,965	348,199,006
Leasehold land at Bukit Unggul	14,703,357	39,489,863
	962,501,722	654,031,427

5. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2014 RM	2013 RM
Leasehold land		
At Cost		
At beginning of the year	**549,458,850**	245,692,486
Less: Disposals	**-**	(35,853)
Less: Transfer to property development costs (Note 11)	**-**	(1,702,788)
Add: Transfer from non-current assets classified as held for sale (Note 17)	**-**	305,505,005
	549,458,850	549,458,850
Leased land	**47,218,375**	47,218,375
Total land, at cost at end of the year	**596,677,225**	596,677,225
Accumulated impairment loss		
At beginning of the year	**172,426,760**	-
Add: Transfer from non-current assets classified as held for sale (Note 17)	**-**	195,363,114
Less: Reversal of impairment loss	**-**	(22,936,354)
At end of the year	**172,426,760**	172,426,760
Total land, at carrying amount at end of the year	**424,250,465**	424,250,465

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

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

	Group 2014 RM	Group 2013 RM
Development costs		
At beginning of the year	**30,920,997**	24,273,274
Add: Additions	**5,597,283**	577,352
Add: Transfer from non-current assets classified as held for sale (Note 17)	**-**	7,161,130
Less: Disposals	**-**	(1,034)
Less: Transfer to property development cost (Note 11)	**-**	(1,089,725)
Less: Written off	**(17,712,298)**	-
At end of the year	**18,805,982**	30,920,997
Accumulated impairment loss		
At beginning of the year	**7,442,233**	-
Impairment loss for the year	**-**	1,567,560
Add: Transfer from non-current assets classified as held for sale (Note 17)	**-**	5,874,673
At end of the year	**7,442,233**	7,442,233
Total development cost, at carrying amount at end of the year	**11,363,749**	23,478,764
Total carrying amount at end of the year	**435,614,214**	447,729,229

6. SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost		
At beginning of the year	**334,900,785**	334,900,785
Add: Additions	**4**	-
Less: Strike off	**(8,792,946)**	-
	326,107,843	334,900,785
Less: Accumulated impairment losses		
At beginning of the year	**122,718,934**	122,718,934
Add: Additions	**132,303**	-
Less: Strike off	**(8,792,938)**	-
At end of the year	**114,058,299**	122,718,934
	212,049,544	212,181,851

6. SUBSIDIARIES (CONT'D)

	Company 2014 RM	Company 2013 RM
Amounts owing by subsidiaries (non-trade)	**613,636,805**	613,636,805
Less: Accumulated impairment losses		
At beginning of the year	**10,984,010**	-
Add: Additions	**-**	10,984,010
At end of the year	**10,984,010**	10,984,010
	602,652,795	602,652,795
	814,702,339	814,834,646

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 losses.

Details of the subsidiaries are as follows:-

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2014	Direct 2013	Indirect 2014	Indirect 2013
	Held By The Company						
^	Alpha Terrace Sdn. Bhd.	Malaysia	Dormant	**-**	100%	-	-
	Beribu Ukiran Sdn. Bhd.	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%	-	-
©	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%	-	-

NOTES TO THE FINANCIAL STATEMENTS

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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 2014	Direct 2013	Indirect 2014	Indirect 2013
	Held By The Company (cont'd)						
©	FACB Land Sdn. Bhd. ("FACB Land")	Malaysia	Property development	**100%**	100%	-	-
^	FACB Management Sdn.Bhd.	Malaysia	Dormant	**-**	100%	-	-
^	FACB Aerospace Sdn. Bhd.	Malaysia	Dormant	**-**	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%	-	-
^	First Network (M) Sdn. Bhd.	Malaysia	Dormant	**-**	100%	-	-
©	First Travel and Tours (M) Sdn. Bhd.	Malaysia	Travel & tours agency	**95.69%**	95.69%	-	-
*	Golden Ecoland Sdn. Bhd.	Malaysia	Dormant	**100%**	-	-	-
	Greagawarni Sdn. Bhd.	Malaysia	Horticulturist	**100%**	100%	-	-
	Hartamas Group Berhad ("HGB")	Malaysia	Hotel resort ownership & operations and investment holdings	**#42.91%**	#42.91%	57.09%	57.09%
	Ikhlas Perdana Sdn. Bhd.	Malaysia	Dormant	**90%**	90%	-	-
^	Karambunai Corp International Ltd.	Hong Kong	Dormant	**-**	100%	-	-
©	Karambunai Residence (MM2H) Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	-	-
^	Nexus First Company Ltd.	Labuan	Investment holdings	**-**	100%	-	-
^^*	Nexus Hotels and Resorts Limited	Hong Kong	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 2014	Effective Equity Interest Direct 2013	Effective Equity Interest Indirect 2014	Effective Equity Interest Indirect 2013
*	Norasia Investments Ltd.	Hong Kong	Investment holdings	**100%**	100%	**-**	-
	Held By The Company (cont'd)						
^	Sunnyland Corporation Ltd.	Hong Kong	Dormant	**-**	100%	-	-
*	Sunnyland Industries Ltd.	Hong Kong	Dormant	**100%**	100%	-	-
@	One Travel & Tours Ltd.	British Virgin Islands	Travel & tours agency	**100%**	100%	-	-
*	Trusworld Sdn. Bhd.	Malaysia	Dormant	**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%
	Held through FHSB						
©	Karambunai Resorts Sdn. Bhd. ("KRSB")	Malaysia	Property development, investment holdings and horticulturist	**-**	-	100%	100%
	HGB	Malaysia	Hotel resort ownership & operations and investment holdings	**-**	-	**#53.03%**	#53.03%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

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 2014	Direct 2013	Indirect 2014	Indirect 2013
	Held through HGB						
©	FACB Marketing and Sales Services Sdn. Bhd.	Malaysia	Property development	-	-	100%	100%
	Held through BUGCR						
^	Karambunai Two Golf & Country Club Sdn. Bhd.	Malaysia	Dormant	-	-	-	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 contracts	-	-	100%	100%
	Dapan Holdings Sdn. Bhd.	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	-	-	100%	100%
^^*	Nexus Naga S.A.	Panama	Dormant	-	-	100%	100%
©	Nexus Resorts and Hotels International Sdn. Bhd.	Malaysia	Property development	-	-	100%	100%
©	Nexus Resort Karambunai Sdn. Bhd.	Malaysia	Resort hotel operation and management	-	-	100%	100%
^	Nexus Vacation Club Bhd.	Malaysia	Dormant	-	-	-	100%
^	Sahara Red Incorporated	British Virgin Islands	Dormant	-	-	-	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 2014	Direct 2013	Indirect 2014	Indirect 2013
	Held through Scanply International Wood Products (Singapore) Pte. Ltd.						
^	Scanply Wood Products (Malaysia) Sdn. Bhd.	Malaysia	Dormant	-	-	-	100%
	Held through Nexus Hotels and Resorts Limited						
^	Nexus Hotel Phnom Penh Limited	British Virgin Islands	Dormant	-	-	-	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 during the financial year.*

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

The equity interests held through the Company, FHSB and FACB Land are 42.91% (2013: 42.91%), 53.03% (2013: 53.03%) and 4.06% (2013: 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 going concerns is dependent on the continued financial support of the Company.*

The entire issued and paid up share capital in Sunnyland Industries Ltd. has been pledged for the syndicated term loan as disclosed in Note 22.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
At cost				
Equity instruments (unquoted shares in Malaysia)	**60,000**	60,000	**60,000**	60,000
Transferable contribution rights	**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.

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8. CAPITAL WORK-IN-PROGRESS

	Group	
	2014	**2013**
	RM	**RM**
At cost,		
At beginning of the year	**-**	2,412,862
Transfer to property, plant and equipment (Note 4)	**-**	(2,412,862)
At end of the year	**-**	-

9. DEFERRED TAX ASSETS

	Group	
	2014	**2013**
	RM	**RM**
At beginning of the year	**892,192**	892,192
Recognised in profit or loss (Note 31)	**(883,192)**	-
At end of the year	**9,000**	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 the temporary differences can be utilised.

10. GOODWILL

	Group	
	2014	**2013**
	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

Impairment testing of goodwill

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.

10. GOODWILL (CONT'D)

Impairment testing of goodwill (cont'd)

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

	Group 2014 RM	Group 2013 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 2014 RM	Group 2013 RM
Leasehold land, at cost		
At beginning of the year	**1,702,788**	6,070,093
Add: Transfer from land held for property development (Note 5)	**-**	1,702,788
Less: Reversal of completed projects	**-**	(6,070,093)
At end of the year	**1,702,788**	1,702,788
Property development costs		
At beginning of the year	**5,456,053**	15,033,488
Add: Additions	**5,448,739**	3,407,251
Add: Transfer from land held for property development (Note 5)	**-**	1,089,725
Less: Transfer to inventories	**-**	(2,403,391)
Less: Reversal of completed projects	**-**	(11,671,020)
At end of the year	**10,904,792**	5,456,053
Cumulative costs recognised in profit or loss		
At beginning of the year	**-**	(8,167,724)
Recognised during the year	**(2,646,947)**	(11,130,674)
Reversal of completed projects	**-**	19,298,398
At end of the year	**(2,646,947)**	-
Total property development costs at end of the year	**9,960,633**	7,158,841

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12. INVENTORIES

	Group 2014 RM	2013 RM
At cost:		
Completed development properties	**4,900,150**	7,595,089
Consumables	**458,832**	564,592
Trading merchandise	**1,122,262**	1,906,099
	6,481,244	10,065,780

13. TRADE RECEIVABLES

	Group 2014 RM	2013 RM
Trade receivables	**39,265,367**	37,930,996
Less: Allowance for impairment	**(18,831,928)**	(17,934,125)
	20,433,439	19,996,871

Included in trade receivables of the Group are the amounts of RM7,545 (2013: RM13,458) owing by related parties in which certain Directors of the Company are also directors and have substantial financial interest and RM52,000 (2013: RM52,000) owing by related parties in which a Director of the Company is also a director and has substantial financial interest.

(a) Credit terms of trade receivables

The Group's normal trade credit term is 14 to 90 days (2013: 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 2014 RM	2013 RM
Neither past due nor impaired	**13,572,247**	8,495,682
Past due but not impaired:		
1 to 30 days	**1,859,198**	1,152,595
31 to 60 days	**347,154**	444,323
61 to 90 days	**1,060,653**	608,868
91 to 120 days	**1,015,232**	4,026,856
More than 120 days	**2,578,955**	5,268,547
	6,861,192	11,501,189
Impaired	**18,831,928**	17,934,125
	39,265,367	37,930,996

13. TRADE RECEIVABLES (CONT'D)

(b) Ageing analysis of trade receivables (cont'd)

Receivables that are neither past due nor impaired

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.

Receivables that are past due but not impaired

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.

Receivables that are impaired

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

	Group Individually Impaired	
	2014 RM	**2013 RM**
Trade receivables (nominal amounts)	**18,831,928**	17,934,125
Less: Allowance for impairment	**(18,831,928)**	(17,934,125)
	-	-

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

	Group	
	2014 RM	**2013 RM**
At beginning of the year	**17,934,125**	17,667,236
Charge for the year	**943,920**	346,644
Written-off	**-**	(15,500)
Reversal	**(46,117)**	(64,255)
At end of the year	**18,831,928**	17,934,125

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.

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14. OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Third parties	**8,823,599**	8,519,872	**544,956**	443,871
Less: Allowance for impairment	**(2,183,892)**	(2,188,630)	**(407,756)**	(407,756)
	6,639,707	6,331,242	**137,200**	36,115
Deposits	**1,105,739**	1,430,789	**155,570**	79,994
Prepayments	**1,291,064**	1,689,716	**-**	-
	2,396,803	3,120,505	**155,570**	79,994
	9,036,510	9,451,747	**292,770**	116,109

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At beginning of the year	**2,188,630**	418,974	**407,756**	407,756
Charge for the year	**-**	1,769,656	**-**	-
Reversal	**(4,738)**	-	**-**	-
At end of the year	**2,183,892**	2,188,630	**407,756**	407,756

15. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Amounts owing by subsidiaries	**664,649,710**	603,548,726
Less: Allowance for impairment	**(359,934,744)**	(281,464,787)
	304,714,966	322,083,939
Amounts owing to subsidiaries	**(63,544,377)**	(56,537,672)

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

	Company	
	2014 RM	2013 RM
At beginning of the year	**281,464,787**	272,429,253
Charge for the year	**81,201,664**	9,466,151
Reversal	**(2,731,707)**	(430,617)
At end of the year	**359,934,744**	281,464,787

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

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group carry interest at rates ranging from 2.95% to 3.15% (2013: 2.95% to 3.15%) per annum and mature within one year.

Information on fixed deposits pledged is disclosed in Note 33.

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	
	2014 RM	**2013 RM**
At carrying value:		
At beginning of the year	**65,649,977**	409,271,100
Transfer to land held for property development (Note 5)	**-**	(312,666,135)
Transfer to property, plant and equipment (Note 4)	**-**	(30,954,988)
Less: Disposal	**(65,649,977)**	-
	-	65,649,977
Accumulated impairment loss:		
At beginning of the year	**-**	(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
	-	-
At end of the year	**-**	65,649,977

18. SHARE CAPITAL

	Group/Company			
	Number of Shares			
	2014	**2013**	**2014 RM**	**2013 RM**
Authorised:				
Ordinary shares of RM0.50 each at 1.4.13	**4,000,000,000**	4,000,000,000	**2,000,000,000**	2,000,000,000
Capital Reconstruction of RM0.40 each	**16,000,000,000**	-	**-**	-
Ordinary shares of RM0.10 each at 31.3.14	**20,000,000,000**	4,000,000,000	**2,000,000,000**	2,000,000,000

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18. SHARE CAPITAL (CONT'D)

	Group/Company			
	Number of Shares		2014	2013
	2014	2013	RM	RM
Issued and fully paid:				
Ordinary shares of RM0.50 each	**2,030,059,680**	2,030,059,680	**1,015,029,840**	1,015,029,840
Capital Reconstruction of RM0.40 each	**-**	-	**(812,023,872)**	-
Ordinary shares of RM0.10 each (2013:RM0.50)	**2,030,059,680**	2,030,059,680	**203,005,968**	1,015,029,840
Ordinary shares of RM0.10 each				
- Rights Issue with Warrants	**507,514,920**	-	**50,751,492**	-
- Capitalisation of debts owing to a Director	**2,899,831,854**	-	**289,983,185**	-
- Capitalisation of debts owing to FACBII	**339,181,242**	-	**33,918,124**	-
	5,776,587,696	2,030,059,680	**577,658,769**	1,015,029,840

During the financial year, the Company completed a Capital Reconstruction exercise 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 has been offset against the accumulated losses of the Company. The authorised capital of the Company has accordingly been adjusted from RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each to RM2,000,000,000 divided into 20,000,000,000 ordinary shares of RM0.10 each.

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. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of shares.

20. RESERVES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Accumulated losses	**(300,154,051)**	(786,374,308)	**(16,609,325)**	(476,346,081)
Non-distributable				
Asset revaluation reserve	**207,628,632**	207,628,632	**-**	-
Capital reserve	**269,918,289**	-	**269,918,289**	-
Foreign currency translation reserve	**(2,872,269)**	(148,669)	**-**	-
Warrant reserve	**69,529,543**	-	**69,529,543**	-
	544,204,195	207,479,963	**339,447,832**	-
	244,050,144	(578,894,345)	**322,838,507**	(476,346,081)

20. RESERVES (CONT'D)

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) Capital reserve

Pursuant to the Capital Reconstruction exercise as disclosed in Note 36(a), an amount of RM812,023,872 credit was created of which RM542,105,583 has been used to eliminate the accumulated losses of the Company. The balance after the elimination has been transferred to this capital reserve account.

(c) 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.

(d) Warrant reserve

The Warrant reserve account was created in relation to the 1,015,029,840 free Warrants issued by the Company pursuant to the Renounceable Rights Issue exercise undertaken during the financial year as disclosed in Note 36(b).

Set out below are details of the Warrants issued by the Company:

Issuance date	Expiry date	Exercise price	Number of warrants 2013/2023			
			1.4.2013	**Issued**	**Exercised**	**31.3.2014**
21.10.2013	20.10.2023	RM0.1306	-	1,015,029,840	-	1,015,029,840

21. HIRE PURCHASE PAYABLES

	Group	
	2014 RM	2013 RM
Total instalment payments	**1,855,431**	1,328,765
Less: Future finance charges	**(167,374)**	(72,686)
Present value of hire purchase payables	**1,688,057**	1,256,079
Payable within 1 year		
Total instalment payments	**741,649**	900,106
Less: Future finance charges	**(94,866)**	(35,611)
Present value of hire purchase payables	**646,783**	864,495
Payable after 1 year but not later than 5 years		
Total instalment payments	**1,113,782**	428,659
Less: Future finance charges	**(72,508)**	(37,075)
Present value of hire purchase payables	**1,041,274**	391,584
	1,688,057	1,256,079

The hire purchase payables of the Group bear interest at rates ranging from 2.19% to 4.3% (2013: 2.19% to 10.97%) per annum.

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22. BANK BORROWINGS

	Group	
	2014 RM	**2013 RM**
Secured		
Syndicated term loan		
2.5% (2013: 2.5%) per annum	**15,863,983**	14,898,763
Repayment due within twelve months	**-**	14,898,763
Repayment due after twelve months	**15,863,983**	-

The term loan 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.

The foreign currency exposure profile of the syndicated term loan is as follows:-

	Group	
	2014 RM	**2013 RM**
United States Dollar	**15,863,983**	14,898,763

During the year, the repayments have been rescheduled as detailed below:

	Current	←	**Non-current**			→	
Group	**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**	**Total RM**
2014							
Syndicated term loan	**-**	**-**	**-**	**-**	**1,323,316**	**14,540,667**	**15,863,983**
2013							
Syndicated term loan	14,898,763	-	-	-	-	-	14,898,763

23. DEFERRED TAX LIABILITIES

	Group	
	2014 **RM**	**2013** **RM**
At beginning of the year	**238,700,915**	179,123,400
Recognised in profit or loss (Note 31)	**226,100**	55,395,255
Recognised in other comprehensive income	**-**	4,182,260
At end of the year	**238,927,015**	238,700,915

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

	Group		Company	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
Difference between the carrying amount of property, plant and equipment and their tax base	**13,228,299**	11,580,465	**29,200**	35,473
Fair value adjustment in respect of acquisition of subsidiaries	**105,041,221**	105,041,221	**-**	-
Deductible temporary differences in respect of expenses	**(248,054)**	(250,478)	**(9,000)**	(23,730)
Revaluation surplus	**69,031,076**	69,209,544	**-**	-
Temporary difference due to tax remission	**55,888,078**	55,888,078	**-**	-
Unabsorbed capital allowances	**(4,013,605)**	(2,767,915)	**(20,200)**	(11,743)
	238,927,015	238,700,915	**-**	-

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

	Group		Company	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
Unutilised tax losses	**301,072,200**	265,710,200	**655,600**	655,600
Unabsorbed capital allowances	**29,619,400**	20,019,400	**2,319,400**	2,352,900
Deductible temporary differences in respect of expenses and others	**185,272,900**	185,072,800	**-**	-
	515,964,500	470,802,400	**2,975,000**	3,008,500

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.

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24. TRADE PAYABLES

	Group	
	2014 RM	2013 RM
Third parties	**92,282,015**	111,850,227

The normal trade credit term granted to the Group ranges from 30 to 90 days (2013: 30 to 90 days).

Included in trade payables of the Group is retention sum amounting to RM2,698,844 (2013: RM4,953,643).

25. OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	**20,002,068**	83,087,327	**819,217**	4,975,495
Refundable deposits	**6,664,410**	6,788,295	**6,586,522**	6,708,907
Tax penalty and interest payable to Inland Revenue Board	**67,183,452**	69,652,487	**-**	167,772
Accruals	**21,061,325**	17,872,205	**376,133**	3,125,395
	114,911,255	177,400,314	**7,781,872**	14,977,569

Included in other payables of the Group are:

(a) An amount of RM Nil (2013: RM36,527,710) 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% (2013: 8.25%) per annum. The amount owing had been fully settled during the financial year pursuant to the capitalisation of debts owing to FACBII as disclosed in Note 36(d).

(b) An amount of RM2,483,874 (2013: RM16,942,500) being deposits received from the purchaser for the proposed disposal of land which are pending the fulfilment of certain terms and conditions of the sale and purchase agreements.

In addition, included in other payables of the Group and of the Company are amounts of RM1,488,399 (2013: RM1,439,803) and RM424,356 (2013: RM 1,378,541) 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 the refundable deposits of the Company are rental deposits received from:-

(a) subsidiaries amounting to RM37,500 (2013: RM37,500); and
(b) related parties amounting to RM71,500 (2013: RM71,500) in which certain Directors of the Company are also directors and have substantial financial interest.

26. AMOUNT OWING TO A DIRECTOR

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

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 had been settled during the financial year through the capitalisation of debts owing to the Director as disclosed in Note 36(c).

27. PROVISIONS

	Group			Company
	Employee benefits RM	Legal claim RM	Total RM	Employee benefits RM
At 1.4.2013	354,504	6,129,556	6,484,060	94,919
Add: Additions	128,841	-	128,841	24,044
Less: Utilisation/paid	(135,367)	(6,129,556)	(6,264,923)	(82,749)
At 31.3.2014	**347,978**	**-**	**347,978**	**36,214**
At 1.4.2012	406,652	6,129,556	6,536,208	135,971
Add: Additions	153,190	-	153,190	-
Less: Utilisation/paid	(205,338)	-	(205,338)	(41,052)
At 31.3.2013	354,504	6,129,556	6,484,060	94,919

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

Legal claim
This legal claim has been fully settled during the financial year.

28. REVENUE

	Group	
	2014 RM	2013 RM
Attributable revenue from construction contracts and property development	**4,335,557**	20,018,102
Sales of completed units	**4,472,025**	7,694,620
Hotel and golfing revenue	**71,527,816**	65,073,868
Sales of goods and services	**194,510**	513,979
Sales of vacant land	**76,834,284**	2,298,796
	157,364,192	95,599,365

29. DIRECT COSTS

	Group	
	2014 RM	2013 RM
Attributable construction contracts and property development costs	**4,213,135**	12,107,379
Cost of completed units	**2,694,939**	5,522,655
Cost of sales and services	**67,233,743**	55,163,306
Cost of vacant land and incidental costs	**65,649,977**	90,522
	139,791,794	72,883,862

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30. LOSS BEFORE TAX

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amortisation of upfront fee for a banking facility	-	885,870	-	-
Auditors' remuneration				
- current year	**252,689**	275,612	**40,000**	50,000
- overprovision	**(4,167)**	-	**(7,841)**	-
- other services	**26,000**	10,000	-	-
Bad debts recovered	**(139,982)**	-	-	-
Depreciation of property, plant and equipment	**17,203,343**	13,841,083	**34,951**	36,321
(Gain)/Loss on foreign exchange:				
- realised	**(544,533)**	(32,938)	**(628,125)**	-
- unrealised	**965,220**	50,056	-	-
Gain on disposal of:				
- non-current assets classified as held for sale	**(11,184,307)**	-	-	-
- property, plant and equipment	**(37,886)**	-	-	-
Gratitude sum payable to a Director (Note 26)	-	26,694,674	-	26,694,674
Impairment loss on:				
- amounts owing by subsidiaries	-	-	**81,201,664**	20,450,161
- investment in subsidiaries	-	-	**132,303**	-
- receivables	**943,920**	2,116,300	-	-
Interest expenses	**1,972,968**	11,769,592	-	2,428,444
Interest income	**(1,639,590)**	(78,951)	**(1,555,703)**	-
Leaseback rental	**13,605,284**	18,426,599	-	-
Realisation of foreign currency translation reserve upon striking off of subsidiaries	**(2,580,090)**	-	-	-
Rental expense for:				
- equipment	**98,496**	119,831	-	-
- premises	**238,935**	343,872	**165,600**	236,380
Rental income from premises	**(296,416)**	(255,911)	-	-
Reversal of impairment loss on:				
- amount owing by subsidiaries	-	-	**(2,731,707)**	(430,617)
- receivables	**(50,855)**	(64,255)	-	-
- property, plant and equipment	-	(2,305,450)	-	-
- land held for property development	-	(21,368,794)	-	-
Staff costs				
- contribution to defined contribution plan	**2,300,967**	1,777,898	**212,162**	216,214
- salaries and others	**24,200,820**	21,408,364	**2,228,047**	2,405,720
Utilisation of employee benefits, net	**(6,526)**	(52,148)	**(58,705)**	(41,052)

30. LOSS BEFORE TAX (CONT'D)

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

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Write back of:				
- liabilities directly associated with non-current assets classified as held for sale	**-**	(56,916,438)	**-**	(56,916,438)
- amounts owing by subsidiaries	**-**	-	**2,183**	2,113,362
- bad debts	**786,036**	190,263	**-**	-
- inventories	**-**	3,606	**-**	-
- investment in subsidiaries	**-**	-	**8**	-
- prepayments	**178,800**	-	**-**	-
- land held for property development	**17,712,298**	-	**-**	-
- property, plant and equipment	**58**	1	**-**	-

(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	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Directors of the Company				
Executive Directors				
- fees	**36,000**	36,000	**-**	-
- other emoluments	**1,158,904**	1,186,997	**300,000**	300,000
	1,194,904	1,222,997	**300,000**	300,000
Non-Executive Directors				
- fees	**114,000**	114,000	**114,000**	114,000
	1,308,904	1,336,997	**414,000**	414,000

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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	
	2014	**2013**
Executive Directors:		
Below RM50,000	**1**	1
RM50,001 - RM100,000	**-**	-
RM100,001 - RM150,000	**-**	-
RM150,001 - RM200,000	**-**	-
RM200,001 - RM250,000	**-**	-
RM250,001 - RM300,000	**1**	2
RM300,001 - RM350,000	**-**	-
RM350,001 - RM400,000	**1**	-
RM400,001 - RM450,000	**-**	-
RM450,001 - RM500,000	**1**	1
Non-Executive Directors:		
Below RM50,000	**3**	4

31. INCOME TAX EXPENSE

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Statement of comprehensive income:				
Current tax:				
Based on result for the year	**7,977,961**	2,000,534	**-**	-
Under/(Over) provision in prior year	**330,245**	(48,043,442)	**(200,406)**	-
	8,308,206	(46,042,908)	**(200,406)**	-
Deferred tax (Note 9 and 23):				
Origination and reversal of temporary differences	**883,192**	232,500	**-**	-
Underprovision in prior year	**226,100**	55,162,755	**-**	-
	1,109,292	55,395,255	**-**	-
Income tax recognised in profit or loss	**9,417,498**	9,352,347	**(200,406)**	-
Deferred income tax related to other comprehensive income				
Underprovision in prior year	**-**	4,182,260	**-**	-
	-	4,182,260	**-**	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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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 of the Company are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loss before tax	**(46,482,793)**	(10,000,849)	**(82,569,233)**	(1,041,875)
Tax at the Malaysian statutory income tax rate of 25% (2013: 25%)	**(11,620,700)**	(2,500,200)	**(20,642,300)**	(260,500)
Tax effect on non-deductible expenses	**9,305,928**	17,708,034	**20,650,700**	14,607,000
Tax effect on non-taxable income	**(114,600)**	(14,349,700)	**-**	(14,336,800)
Deferred tax assets not recognised during the year	**11,315,825**	7,378,900	**-**	-
Utilisation of deferred tax assets not recognised in previous year	**(25,300)**	(6,004,000)	**(8,400)**	(9,700)
Under/(Over) provision in prior year				
- current tax	**330,245**	(48,043,442)	**(200,406)**	-
- deferred tax	**226,100**	55,162,755	**-**	-
Income tax recognised in profit or loss	**9,417,498**	9,352,347	**(200,406)**	-

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Unutilised tax losses	**301,072,200**	265,710,200	**655,600**	655,600
Unabsorbed capital allowances	**45,673,800**	31,091,100	**2,399,900**	2,399,900
	346,746,000	296,801,300	**3,055,500**	3,055,500

32. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2014 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Loss attributable to ordinary shareholders:

	Group	
	2014 RM	2013 RM
Loss for the year attibutable to owners	**(55,885,326)**	(19,348,992)

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32. LOSS PER ORDINARY SHARE (CONT'D)

Basic loss per ordinary share (cont'd)

Weighted average number of ordinary shares:

	Group Number of shares	
	2014	**2013**
Issued ordinary shares at beginning of the year	**2,030,059,680**	2,030,059,680
Effect of ordinary shares issued during the year	**1,662,842,569**	-
	3,692,902,249	2,030,059,680

Basic loss per ordinary share:

	Group	
	2014	**2013**
Basic loss per ordinary share (in sen)	**(1.51)**	(0.95)

Diluted earnings per share

The Group has no dilution in its earnings per share as there is no dilutive potential on ordinary shares.

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	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Cash held under housing development accounts (a)	**1,201,405**	916,015	**-**	-
Cash and bank balances	**34,559,608**	12,542,407	**29,597,356**	7,412,300
	35,761,013	13,458,422	**29,597,356**	7,412,300
Fixed deposits with licensed banks (Note 16)	**4,208,787**	1,807,558	**-**	-
	39,969,800	15,265,980	**29,597,356**	7,412,300
Less: Cash deposits pledged [(b) and (c)]	**(4,199,977)**	(1,799,011)	**-**	-
Cash and cash equivalents	**35,769,823**	13,466,969	**29,597,356**	7,412,300

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 Development (Control and Licensing) Enactment 1978. Therefore these monies are for the purpose of payment of expenses incurred in the housing development and are restricted from use in other operations;

(b) cash deposits amounting to RM3,805,546 (2013: RM1,414,826) 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 a subsidiary; and

(c) cash deposits amounting to RM394,431 (2013: RM384,185) 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	
	2014 RM	2013 RM
Impairment loss on amounts owing by subsidiaries		
- amounts owing by subsidiaries	**81,201,664**	20,450,161
- investment in subsidiaries	**132,303**	-
Reversal of impairment loss on amount owing by subsidiaries	**(2,731,707)**	(430,617)
Purchase of air tickets and tour from a subsidiary	**140,492**	376,995
Employee benefits expenses allocated to subsidiaries	**294,262**	351,576
Meals and accommodation charges paid and payable to subsidiaries	**109,709**	247,691
Write off of amounts owing by subsidiaries	**2,183**	2,113,362
Write off of investment in subsidiaries	**8**	-

(c) Related party transactions are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Paid and payable to related parties in which certain Directors of the Company have substantial financial interests and are also directors:				
- Rental of premises	**165,600**	236,380	**165,600**	236,380
- Interest payable	**1,155,326**	2,681,678	**-**	-
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	**(700,338)**	(219,466)	**-**	-
Gratitude sum payable to a Director	**-**	26,694,674	**-**	26,694,674
(Repayment to)/Advances from a Director	**(763,251)**	322,630,487	**(763,251)**	380,174,893
Capitalisation of debts owing to FACBII	**37,683,035**	-	**37,683,035**	-
Capitalisation of debts owing to a Director	**322,171,319**	-	**322,171,319**	-

Information regarding outstanding balances arising from related party transactions as at 31 March 2014 is disclosed in Notes 13, 15, 25 and 26 respectively

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34. RELATED PARTY DISCLOSURES (CONT'D)

(d) Compensation of key management personnel

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Short-term employee benefits expenses	**1,206,160**	1,228,800	**414,000**	414,000
Post employment benefits expenses	**102,744**	108,197	**-**	-

Included in the total compensation of key management personnel is:-

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Directors' remuneration	**1,308,904**	1,336,997	**414,000**	414,000

Information regarding transactions with the key management personnel as at 31 March 2014 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	
	2014	2013
	RM	RM
Payable within one year	**4,779,665**	16,394,339
Payable after one year but not more than 5 years	**886,899**	5,666,564
	5,666,564	22,060,903

Minimum lease payments recognised in profit or loss for the financial year ended 31 March 2014 amounted to RM13,605,284 (2013: RM18,426,599).

36. SIGNIFICANT EVENTS

During the year, the Company completed the following corporate exercise:

(a) 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 has been offset against the accumulated losses of the Company. The authorised capital of the Company has accordingly been adjusted from RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each to RM2,000,000,000 divided into 20,000,000,000 ordinary shares of RM0.10 each;

(b) Renounceable rights issue of 507,514,920 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 ("KCB Share(s)" or "Rights Share(s)") on the basis of one Rights Share for every four existing KCB Shares held, together with 1,015,029,840 free new detachable Warrants ("Warrants") on the basis of two free Warrants for every one Rights Share subscribed;

(c) The issuance of 2,899,831,854 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.1111 per share as debts settlement of RM322,171,319 owing to a Director; and

(d) The issuance of 339,181,242 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.1111 per share as debts settlement of RM37,683,035 owing to FACBII.

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 contracts.
Management services, venture capital and investment holdings	Investment holdings, provision of management services, consultancy and money lending.
Trading	Trading of goods

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
2014							
Revenue							
External revenue	72,422,550	117,436,139	214,208	-	(32,708,705)		157,364,192
Inter-segment revenue	(648,288)	(32,060,417)	-	-	32,708,705	a(i)	-
Total revenue	71,774,262	85,375,722	214,208	-	-		157,364,192
Result							
Interest expenses	82,159	1,890,809	-	-	-		1,972,968
Interest income	(31,671)	(51,885)	(1,556,034)	-	-		(1,639,590)
Other non-cash expenses/(income)	10,443,077	14,733,427	(1,931,008)	-	-	a(ii)	23,245,496
Segment (loss)/profit before tax	(3,818,819)	(41,098,468)	(5,422,504)	-	3,856,998	a(ii)	(46,482,793)

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37. SEGMENT INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

	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)

(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:

	2014 RM	2013 RM
Amortisation of upfront fee for a banking facility	**-**	885,870
Bad debts recovered	**(139,982)**	-
Depreciation of property, plant and equipment	**17,203,343**	13,841,083
(Gain)/Loss on foreign exchange:		
- realised	**(544,533)**	(32,938)
- unrealised	**965,220**	50,056
Gratitude sum payable to a Director	**-**	26,694,674
Gain on disposal of:		
- non-current assets classified as held for sale	**(11,184,307)**	-
- property, plant and equipment	**(37,886)**	-
Impairment loss on:		
- receivables	**943,920**	2,116,300
Realisation of foreign currency translation reserve upon striking off of subsidiaries	**(2,580,090)**	-
Reversal of impairment loss on:		
- receivables	**(50,855)**	(64,255)
- property, plant and equipment	**-**	(2,305,450)
- land held for property development	**-**	(21,368,794)
Utilisation of employee benefits, net	**(6,526)**	(52,148)

37. SEGMENT INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

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

	2014 RM	2013 RM
Write back of:		
- liabilities directly associated with non-current assets classified as held for sale	**-**	(56,916,438)
Write off of:		
- bad debts	**786,036**	190,263
- prepayments	**178,800**	-
- inventories	**-**	3,606
- land held for property development	**17,712,298**	-
- property, plant and equipment	**58**	1
	23,245,496	(36,958,170)

(b) Geographical Information

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

	Group	
	2014 RM	2013 RM
Malaysia	**157,364,192**	95,599,365

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

38. MATERIAL LITIGATIONS

Group

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 and overdue interest of RM8,571,605 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.

NOTES TO THE FINANCIAL STATEMENTS
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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				
2014				
Financial Assets				
Available-for-sale financial assets	130,000	-	-	130,000
Trade receivables	-	20,433,439	-	20,433,439
Other receivables	-	9,036,510	-	9,036,510
Cash deposits with licensed banks	-	4,208,787	-	4,208,787
Cash and bank balances	-	35,761,013	-	35,761,013
Total financial assets	130,000	69,439,749	-	69,569,749
Financial Liabilities				
Trade payables	-	-	92,282,015	92,282,015
Other payables	-	-	114,911,255	114,911,255
Amount owing to a Director	-	-	99,684,198	99,684,198
Hire purchase payables	-	-	1,688,057	1,688,057
Bank borrowings	-	-	15,863,983	15,863,983
Total financial liabilities	-	-	324,429,508	324,429,508
2013				
Financial Assets				
Available-for-sale financial assets	130,000	-	-	130,000
Trade receivables	-	19,996,871	-	19,996,871
Other receivables	-	9,451,747	-	9,451,747
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	44,714,598	-	44,844,598
Financial Liabilities				
Trade payables	-	-	111,850,227	111,850,227
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	-	-	728,024,151	728,024,151

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39. FINANCIAL INSTRUMENTS

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

	Available for sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company				
2014				
Financial Assets				
Available-for-sale financial assets	60,000	-	-	60,000
Other receivables	-	292,770	-	292,770
Amounts owing by subsidiaries	-	304,714,966	-	304,714,966
Cash and bank balances	-	29,597,356	-	29,597,356
Total financial assets	60,000	334,605,092	-	334,665,092
Financial Liabilities				
Other payables	-	-	7,781,872	7,781,872
Amount owing to a Director	-	-	99,684,198	99,684,198
Amounts owing to subsidiaries	-	-	63,544,377	63,544,377
Total financial liabilities	-	-	171,010,447	171,010,447
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

(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.

39. FINANCIAL INSTRUMENTS (CONT'D)

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

(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 RM15,863,983 (2013: RM77,210,254) 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, the outstanding loans in the subsidiaries are adequately secured by assets as disclosed in Note 22. 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 (Note 22) 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.

(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 RM15,863,983 (2013: RM14,898,763) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM1,688,057 (2013: RM1,256,079) 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.

39. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Interest rate risk (cont'd)

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

	Group	
	2014 RM	2013 RM
Financial Asset		
Fixed deposits with licensed banks	**4,208,787**	1,807,558
Financial Liability		
Bank borrowings - secured	**15,863,983**	14,898,763

Interest rate sensitivity analysis

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 RM116,500 (2013: RM130,900). 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(e), the Directors of the Company are of the opinion that the going concern assumption of the Group is appropriate as the Group is dependent on its lenders and major shareholder for continued financial support to enable the Group to meet its obligations as and when they fall due, and accordingly, the realisation of its assets and settlement of its liabilities will occur in the ordinary course of business.

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:

	2014				
	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	92,282,015	92,282,015	92,282,015	-	-
Other payables	114,911,255	114,911,255	114,911,255	-	-
Hire purchase payables	1,688,057	1,855,431	741,649	609,096	504,686
Amount owing to a Director	99,684,198	99,684,198	99,684,198	-	-
Bank borrowings - secured	15,863,983	15,863,983	-	-	15,863,983
	324,429,508	324,596,882	307,619,117	609,096	16,368,669

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

39. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity risk (cont'd)

	2014				
	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
Company					
Other payables	7,781,872	7,781,872	7,781,872	-	-
Amount owing to a Director	99,684,198	99,684,198	99,684,198	-	-
Amounts owing to subsidiaries	63,544,377	63,544,377	63,544,377	-	-
	171,010,447	171,010,447	171,010,447	-	-

	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	111,850,227	111,850,227	111,850,227	-	-
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	14,898,763	14,898,763	14,898,763	-	-
	728,024,151	728,096,837	727,668,178	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	-	-

(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.

39. FINANCIAL INSTRUMENTS (CONT'D)

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

(iv) Foreign currency risk (cont'd)

Amounts denominated in foreign currencies

	Denominated in USD	SGD	RMB	Total
	RM	RM	RM	RM
Group				
2014				
Financial liabilities				
Bank borrowing	**15,863,983**	**-**	**-**	**15,863,983**
2013				
Financial liabilities				
Trade payables	-	155,802	1,246,828	1,402,630
Bank borrowing	14,898,763	-	-	14,898,763
	14,898,763	155,802	1,246,828	16,301,393

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.

	2014 Increase/ (Decrease)	2013 Increase/ (Decrease)
Effects on loss for the financial year:		
USD		
- Strengthen by 5% (2013: 5%)	**790,753**	744,938
- Weaken by 5% (2013: 5%)	**(790,753)**	(744,938)
SGD		
- Strengthen by 5% (2013: 5%)	**-**	7,790
- Weaken by 5% (2013: 5%)	**-**	(7,790)
RMB		
- Strengthen by 5% (2013: 5%)	**-**	62,341
- Weaken by 5% (2013: 5%)	**-**	(62,341)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

39. FINANCIAL INSTRUMENTS (CONT'D)

(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).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2014				
Financial Asset				
Available-for-sale financial asset	-	-	130,000	130,000
2013				
Financial Asset				
Available-for-sale financial asset	-	-	130,000	130,000
Company				
2014				
Financial Asset				
Available-for-sale financial asset	-	-	60,000	60,000
2013				
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
2014				
Financial Asset				
Available-for-sale financial assets (Note 7)	130,000	*	60,000	*
Financial Liability				
Hire purchase payables (non-current)	1,041,274	1,026,668	-	-
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	-	-

* 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

40. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio is as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total interest-bearing borrowings (RM)	**(17,552,040)**	(16,154,842)	**-**	-
Less: Cash and cash equivalents (RM)	**35,769,823**	13,466,969	**29,597,356**	7,412,300
Total net cash/(debts) (RM)	**18,217,783**	(2,687,873)	**29,597,356**	7,412,300
Total equity attributable to the owners of the parent (RM)	**899,668,214**	547,671,294	**978,456,577**	650,219,558
Debt-to-equity ratio (%)	*****	0.5%	*****	*

** 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 25 April 2014 and 27 June 2014 respectively, the Company announced that Nexus Naga S.A. and Nexus Hotels and Resorts Limited, both wholly-owned dormant subsidiaries of the Company, have been struck off from the respective Registrars of Companies; and

(b) On 4 July 2014, the Company entered into a Shares Sale Agreement with Ho See Sin and Ho Kooi Lan for the purchase of 90,000 ordinary shares of RM1.00 each, representing approximately 4.31% of the issued and paid up share capital of First Travel and Tours (M) Sdn. Bhd. ("FTT") for a total cash consideration of RM1.00. Upon completion of the acquisition, FTT becomes a wholly-owned subsidiary of the Company.

42. COMPARATIVE FIGURES

	As previously stated RM	Reclassification	As restated RM
Group			
2013			
Statement of Financial Position			
Other receivables	6,882,660	2,569,087	9,451,747
Trade payables	(109,281,140)	(2,569,087)	(111,850,227)
Statement of Comprehensive Income			
Direct costs	(84,140,861)	11,256,999	(72,883,862)
Administrative cost	(31,030,643)	(10,591,908)	(41,622,551)
Selling and distribution cost	(954,012)	(674,766)	(1,628,778)
Other cost	(53,381,038)	9,675	(53,371,363)

43. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 22 July 2014.

SUPPLEMENTARY INFORMATION
On the Disclosure of Realised and Unrealised Profits or Losses

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 2014 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 2014 and 31 March 2013 is analysed as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total accumulated losses of the Company and its subsidiaries				
- realised	**(110,808,014)**	(598,544,160)	**(16,609,325)**	(476,346,081)
- unrealised	**(65,011,591)**	(63,557,958)	**-**	-
	(175,819,605)	(662,102,118)	**(16,609,325)**	(476,346,081)
Less: Consolidation adjustments	**(124,334,446)**	(124,272,190)	**-**	-
Total accumulated losses	**(300,154,051)**	(786,374,308)	**(16,609,325)**	(476,346,081)

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 2014

	Location	Area (Acres)	Description	Tenure	Year of Expiry	Age of Building	Carrying Amount 2014 RM
1	CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	600	Resort Development	Leasehold : 999 years	2897	-	817,245,736
2	CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	900	Resort Development	Leased : 99 years	2093	-	405,597,012
3	Lots 12292,12293 & PT2182 Mukim Dengkil District of Sepang Selangor	1,363	Resort Development	Leasehold : 99 years	2087	-	163,898,583
4	Country Lease No 015414972 Miles 13 Tuaran Road District of Kota Kinabalu Sabah	89	Mixed Development	Leasehold : 999 years	2905	-	10,760,708

SHAREHOLDERS' INFORMATION
As at 31 July 2014

Authorised Share Capital	:	RM2,000,000,000.00 divided into 20,000,000,000 ordinary shares of RM0.10 each
Issued & Fully Paid-up	:	RM577,658,769.60 divided into 5,776,587,696 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 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	483	1.04%	18,748	0.00%
100-1,000	9,520	20.54%	9,231,692	0.16%
1,001-10,000	25,566	55.17%	113,097,008	1.96%
10,001-100,000	9,023	19.47%	307,387,430	5.32%
100,001 to less than 5% of issued shares	1,746	3.77%	1,052,932,010	18.23%
5% and above of issued shares	3	0.01%	4,293,920,808	74.33%
TOTAL	**46,341**	**100.00%**	**5,776,587,696**	**100.00%**

TOP THIRTY SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for LGT Bank AG (Local)	3,313,063,650	57.35%
2	Chen Lip Keong	641,675,916	11.11%
3	FACB Industries Incorporated Berhad	339,181,242	5.87%
4	Cheer Trinity Limited	92,451,800	1.60%
5	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	31,332,101	0.54%
6	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Teo Siew Lai	22,053,100	0.38%
7	Public Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Lim Chou Bu	20,000,000	0.35%
8	Vun Shui Moi @ Vun Siew Moi	19,629,800	0.34%
9	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Aik Pen	18,750,000	0.32%
10	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund	17,298,750	0.30%
11	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	14,822,700	0.26%
12	RHB Capital Nominees (Tempatan) Sdn Bhd Tan Aik Pen	14,455,375	0.25%
13	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Batu Bara Resources Corporation Sdn Bhd	12,925,125	0.22%
14	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Chai Hock	11,880,000	0.21%

SHAREHOLDERS' INFORMATION
As at 31 July 2014

TOP THIRTY SHAREHOLDERS (CONT'D)

	Name of Shareholders	No. of Shares	%
15	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited	10,872,350	0.19%
16	Teo Kwee Hock	10,866,400	0.19%
17	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Teo Kwee Hock	10,695,900	0.19%
18	Tee Ah Seng	10,356,500	0.18%
19	Quantum Symbol Sdn Bhd	10,187,500	0.18%
20	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Chung Kin Chuan	9,488,750	0.16%
21	Quah Choo Chunn	7,515,900	0.13%
22	How Lea Peng	7,500,000	0.13%
23	Yeoh Kean Hua	6,862,500	0.12%
24	Ho Swee Choon	6,780,500	0.12%
25	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Tan Aik Pen	6,250,000	0.11%
26	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Lim Ching Neoh	5,972,900	0.10%
27	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Tan Shiow Peng	5,396,500	0.09%
28	Jin Fu	5,353,750	0.09%
29	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd	5,198,881	0.09%
30	Choo Keng Kit	5,000,000	0.09%
	TOTAL	**4,693,817,890**	**81.26%**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Ordinary Shares of RM0.10 each held			
	Direct Interest	**%**	**Deemed Interest**	**%**
Tan Sri Dr Chen Lip Keong	3,950,989,566[(a)]	68.40%	339,181,242[(b)]	5.87%
FACB Industries Incorporated Berhad	339,181,242	5.87%	-	-

[(a)] Held as registered holder and through Cartaban Nominees (Tempatan) Sdn Bhd
[(b)] Deemed interested by virtue of his interest in FACB Industries Incorporated Berhad

WARRANTHOLDERS' INFORMATION
As at 31 July 2014

No. of Warrants	:	1,015,029,840 outstanding
Exercise Price	:	RM0.1306
Exercise Period	:	21 October 2013 to 20 October 2023
Exercise Rights	:	Each warrant entitles the holder to subscribe for one (1) new ordinary share of RM0.10 each in the Company at any time during the Exercise Period
Voting Rights	:	One (1) vote per warrantholder present in person or by proxy on a show of hands or one (1) vote per warrant on a poll in respect of meeting of warrantholders

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1-99	12	0.16%	499	0.00%
100-1,000	838	11.39%	628,809	0.06%
1,001-10,000	3,734	50.76%	16,430,350	1.62%
10,001-100,000	1,979	26.91%	76,271,700	7.52%
100,001 to less than 5% of outstanding warrants	792	10.77%	601,628,090	59.27%
5% and above of outstanding warrants	1	0.01%	320,070,392	31.53%
TOTAL	**7,356**	**100.00%**	**1,015,029,840**	**100.00%**

TOP THIRTY WARRANTHOLDERS

	Name of Warrantholders	No. of Warrants	%
1	Chen Lip Keong	320,070,392	31.53%
2	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Koh Boon Poh	22,270,600	2.19%
3	Public Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Lim Chou Bu	18,000,000	1.77%
4	Public Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Yap Soon Heng	15,839,000	1.56%
5	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Chung Kin Chuan	13,035,300	1.28%
6	Khoo Choong Lye	10,100,000	1.00%
7	Yap Moon Sang	8,000,000	0.79%
8	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Aik Pen	7,500,000	0.74%
9	Dan Yoke Pyng	7,080,200	0.70%
10	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund	6,919,500	0.68%
11	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Ku Lian Sin	6,000,000	0.60%
12	Gow Yaw Ting	6,000,000	0.60%
13	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Loh Teck Wah	5,798,400	0.57%
14	RHB Capital Nominees (Tempatan) Sdn Bhd Tan Aik Pen	5,782,150	0.57%

WARRANTHOLDERS' INFORMATION

As at 31 July 2014

TOP THIRTY WARRANTHOLDERS (CONT'D)

	Name of Warrantholders	No. of Warrants	%
15	Chong Hon Hwee	5,500,000	0.54%
16	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Batu Bara Resources Corporation Sdn Bhd	5,170,050	0.51%
17	Lee Yon Hin	5,000,000	0.49%
18	Kenanga Nominees (Tempatan) Sdn Bhd Michael Heng Chun Hong	4,771,800	0.47%
19	Teo Ah Seng	4,749,400	0.47%
20	Lim E @ Lim Hoon Nam	4,683,600	0.46%
21	Ku Lian Sin	4,500,000	0.44%
22	Pang Siew Way	4,500,000	0.44%
23	Chung Khin Sin	4,100,000	0.40%
24	Quantum Symbol Sdn Bhd	4,075,000	0.40%
25	Chua Wei Lieh	4,000,000	0.39%
26	Tan Kim Teck	4,000,000	0.39%
27	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Lan Kok Ping @ Lim Kok Ping	3,500,000	0.35%
28	Boo Nyuk Lien	3,500,000	0.35%
29	Chan Yiap Fatt	3,250,000	0.32%
30	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	3,228,732	0.32%
	TOTAL	**520,924,124**	**51.32%**

DIRECTORS' SHAREHOLDINGS AND WARRANTHOLDINGS

As at 31 July 2014

		Number of Ordinary Shares				Number of Warrants			
	Name of Directors	Direct Interest	%	Deemed Interest	%	Direct Interest	%	Deemed Interest	%
1.	Datuk Wan Kassim bin Ahmed	-	-	-	-	-	-	-	-
2.	Tan Sri Dr Chen Lip Keong	[a]3,950,989,566	68.40	[b]339,181,242	5.87	320,070,392	31.53	-	-
3.	Chen Yiy Fon	-	-	-	-	-	-	-	-
4.	Chen Yiy Hwuan	-	-	-	-	-	-	-	-
5.	Dato' Dr Mohd Aminuddin bin Mohd Rouse	-	-	-	-	-	-	-	-
6.	Lim Mun Kee	-	-	-	-	-	-	-	-

Notes :

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

[b] Deemed interest by virtue of his interest in FACB Industries Incorporated Berhad

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of Karambunai Corp Bhd will be held at Nexus Resort & Spa Karambunai, Sigunting Conference Room of No. 1, Nexus Drive West, Karambunai, off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Thursday, 25 September 2014 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 2014 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 of RM150,000 for the financial year ended 31 March 2014. **Ordinary Resolution 1**

3. To re-elect Datuk Wan Kassim bin Ahmed who retires in accordance with Article 107 of the Company's Articles of Association, and being eligible, offers himself for re-election. **Ordinary Resolution 2**

4. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 3**

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. **Ordinary Resolution 4**

   "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. Continuing in Office as Independent Non-Executive Director **Ordinary Resolution 5**

   "THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given for Datuk Wan Kassim bin Ahmed, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company, 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
YEW NYUK KWEI, MACS 01247
Company Secretary

Kota Kinabalu
29 August 2014

NOTICE OF ANNUAL GENERAL MEETING

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 17 September 2014 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 Berhad, 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 2014 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 Mariana Joseph 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 4 – 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 5 - Continuing in Office as Independent Non-Executive 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 nine (9) 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. Name of Director standing for re-election:-

   (a) Datuk Wan Kassim bin Ahmed - Ordinary Resolution 2

2. Information on the above Director is set out under Board of Directors' Profile section of the Annual Report.

   Details of attendance of Board Meetings held during the financial year ended 31 March 2014 for the above Director is set out under Other Compliance Statements section of the Annual Report.

OTHER INFORMATION

Mr Chen Yiy Hwuan retires in accordance with Article 107 of the Company's Articles of Association and does not wish to seek re-election in view of his other interests and commitments.

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-Eighth Annual General Meeting of the Company to be held at Nexus Resort & Spa Karambunai, Sigunting Conference Room of No. 1, Nexus Drive West, Karambunai, off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Thursday, 25 September 2014 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.	Ordinary Resolutions	FOR	AGAINST
1	Approval of Directors' fees		
2	Re-election of Datuk Wan Kassim bin Ahmed as Director		
3	Re-appointment of Messrs UHY as Auditors		
4	Authority pursuant to Section 132D of the Companies Act, 1965		
5	Continuing in Office for Datuk Wan Kassim bin Ahmed as an Independent Non-Executive Director		

* Strike out whichever not applicable

Signed this ______________ day of ________________, 2014

____
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.
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6. In respect of deposited securities, only members whose names appear in the Record of Depositors at 4.00 p.m. on 17 September 2014 shall be entitled to attend, speak on & vote at the meeting.

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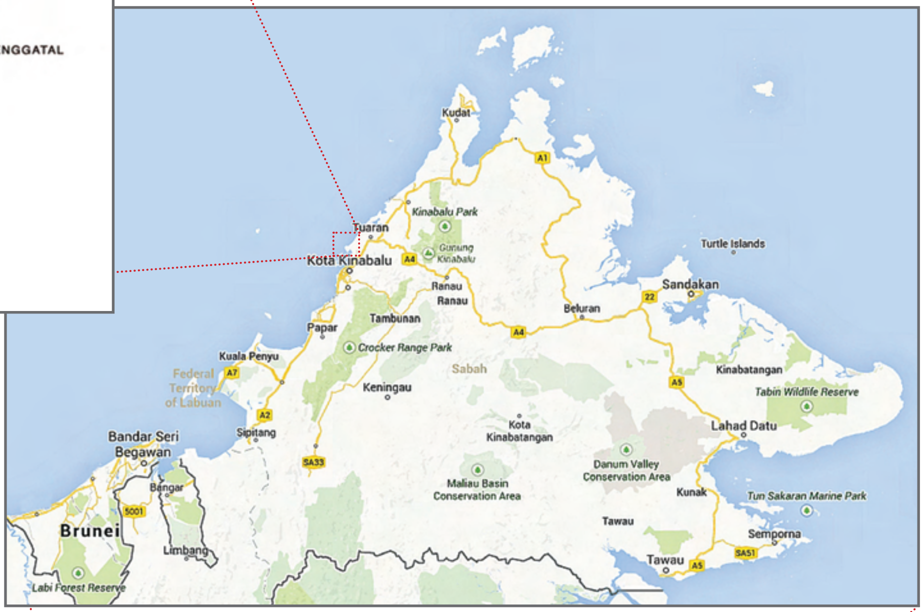
Affix Stamp

THE COMPANY SECRETARY

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

Fold here


Polytechnic
Kota Kinabalu
KARAMBUNAI
PENINSULA
Kota Kinabalu
Industrial Park
Sepangar
Bay
Sepangar
Bay Port
South China Sea
University Technology MARA
University
Malaysia Sabah
Sabah Foundation
MENGGATAL
Gaya
Bay
Kota Kinabalu
City Hall
Tanjung Aru
Kota Kinabalu
International Airport


Kudat
Kinabalu Park
Tuaran
Kota Kinabalu
Ranau
Turtle Islands
Sandakan
Beluran
Tambunan
Papar
Crocker Range Park
Kuala Penyu
Federal
Territory
of Labuan
Sabah
Keningau
Kinabatangan
Tabin Wildlife Reserve
Lahad Datu
Bandar Seri
Begawan
Sipitang
Kota
Kinabatangan
Danum Valley
Conservation Area
Maliau Basin
Conservation Area
Kunak
Tun Sakaran Marine Park
Bangar
Tawau
Semporna
Brunei
Limbang
Labi Forest Reserve


Beijing
Seoul
5hrs 5min
Tokyo
5hrs 20min
Shanghai
4hrs 35min
Taipei 3hrs 10min
Guangzhou
3hrs 15min
Kaoshiung 2hrs 50min
Hong Kong
2hrs 45min
Manila 2hrs 5min
Cebu
2hrs
nexus
Resort & Spa
KARAMBUNAI
Bangkok
Phnom Penh
Sabah
Bandar Seri Begawan
35min
Kuala Lumpur
2hrs 25min
Singapore
2hrs 20min
Jakarta
Darwin
Perth
5hrs 35min
Sydney

Karambunai Corp Bhd (6461-P)

No. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia.
Tel : +6088-411 111 • Fax : +6088-412 111

2nd Floor, 118, Jalan Semangat, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel : +603-7968 1222 • Fax : +603-7958 4775

Email : cosec@karambunaicorp.com