Oriental Interest Berhad
(272144-M)

explore beyond
discover excellence

ANNUAL REPORT 2013

CONTENTS

Corporate Information

Board of Directors

Executive Chairman
Dato' Wira Haji Thobrani Bin Haji Hanafi

Managing Director
Mr Goh Aik Keong

Executive Director
En. Hazman Bin Thobrani

Executive Director
Mr Khaw Eng Peng

Non-Independent Non-Executive Director
Mr Goh Chooi Eam

Senior Independent Non-Executive Director
Tuan Haji Ahmad Bin Abdul Rashid

Independent Non-Executive Director
En. Aswandi Bin Mohamed Hashim

Audit & Risk Management Committee

Chairman
Tuan Haji Ahmad Bin Abdul Rashid

Member
Mr Goh Chooi Eam
En. Aswandi Bin Mohamed Hashim

Remuneration Committee

Chairman
Mr Goh Chooi Eam

Member
Tuan Haji Ahmad Bin Abdul Rashid
En. Aswandi Bin Mohamed Hashim

Nominating Committee

Chairman
Tuan Haji Ahmad Bin Abdul Rashid

Member
Mr Goh Chooi Eam
En. Aswandi Bin Mohamed Hashim

Joint Company Secretaries

Ms Tai Yit Chan (MAICSA 7009143)
Ms Tan Ai Ning (MAICSA 7015852)

Corporate Head Office

2nd Floor, Wisma OIB, 1 & 2, Jalan Bank,
08000 Sungai Petani, Kedah Darul Aman.
Tel: 04-421 3352 Fax: 04-423 3352

Registered Office

Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor Darul Ehsan.
Tel: 03-7720 1188 Fax: 03-7720 1111

Registrar

Agriteum Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah, 10050 Penang.
Tel: 04-228 2321 Fax: 04-227 2391

Auditors

PricewaterhouseCoopers
16th Floor Bangunan KWSP,
Jalan Sultan Ahmad Shah,
P.O. Box 856, 10810 Penang.
Tel: 04-238 9188 Fax: 04-238 9288

Principal Bankers

RHB Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Market
Stock Code: 5827
Stock Name: OIB

www.oibgroup.com
www.oibkl.com

Oriental Interest Berhad
(272144-M)

Group Structure

100% Brilliant Development Sdn. Bhd.	100% Sungei Lalang Development Sdn. Bhd.
100% Pesaka Saujana Development Sdn. Bhd.	
100% Semua Jadi Sdn. Bhd.	100% Pesaka Saujana (M) Sdn. Bhd.
	100% Maxilux Properties Sdn. Bhd.
	100% Teguh Padu Development Sdn. Bhd.
100% Cahajaya Timber Industries Sdn. Bhd. (In member's voluntary winding up)	100% Patriot Furniture Sdn. Bhd. (In member's voluntary winding up)
	100% Guar Timber Industries Sdn. Bhd. (In member's voluntary winding up)
100% OIB Foods & Beverages Sdn. Bhd.	100% OIB Recipe Sdn. Bhd.
	100% OIB Confectionery Sdn. Bhd.
70% Brilliant Alliance Sdn. Bhd.	80% Yiked Alliance Sdn. Bhd.
51% Aturan Cemerlang Sdn. Bhd.	100% Central Kedah Brick Kiln Sdn. Berhad
	80% Yiked Brilliant Sdn. Bhd.
51% Brilliant Delta (M) Sdn. Bhd.	44% Prestasi Raya Sdn. Bhd.

Subsidiary Company

Associated Company

Corporate Profile

Incorporation

Oriental Interest Berhad ("OIB" or "the Company") was incorporated in Malaysia on 3 August 1993 under the Companies Act, 1965 as a private limited company under the name of Oriental Interest Sdn. Bhd. The Company was converted to a public limited company on 22 December 1993 and adopted its present name. The principal activities of the Company are investment holding and provision of management services.

The Company was officially listed on the Main Market of the then Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad "Bursa Securities") on 18 October 1994.

Business

The Company is an investment holding company for the OIB Group. The OIB Group, which comprises of OIB, 8 subsidiary companies and 11 sub-subsidiary companies, is actively involved in the businesses of commercial and residential property development, and general construction.

Property Development

Over the past 28 years, OIB Group has completed numerous construction and property development projects totalling over RM1.811 billion in value and has established itself as a leading housing developer, having completed approximately 21,786 units of houses since 1985.

OIB Group has gained the confidence of house buyers and is well-known as a reliable housing developer due to its good reputation in consistently delivering houses ahead of development schedule.

Manufacturing

OIB Group, through its wholly-owned subsidiary companies, Cahajaya Group, is also involved in the manufacture and export of downstream rubberwood products to complement its property development activity. The rubberwood products are mainly moulding, lamination, drawers fronts, furniture parts, cabinet doors and solid doors.

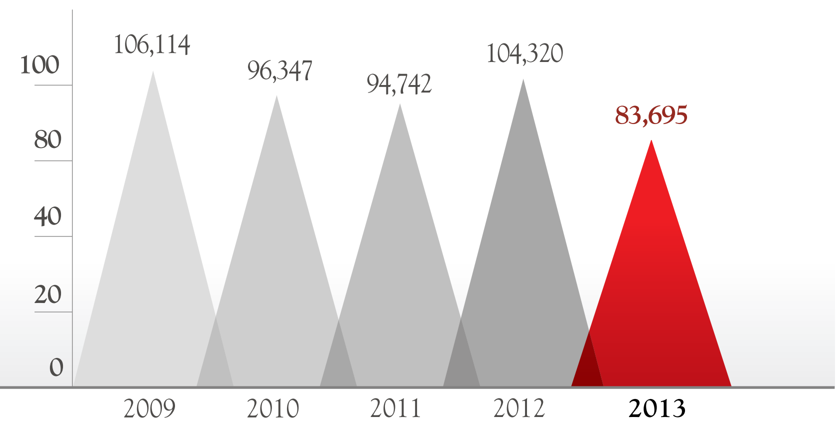
The manufacturing activity is carried out in the manufacturing facility, sited on 14.25 acres of land in the Bakar Arang Industrial Estate in Sungai Petani, Kedah. Cahajaya Group was placed under member's voluntary winding up on 11 July 2012. As at date of this report, the member's voluntary winding up of the Cahajaya Group is still in the process of completion.

Oil Palm Cultivation

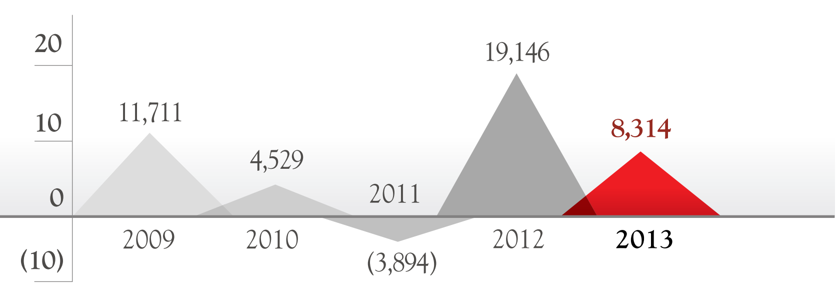
Meanwhile, OIB Group operates its oil palm cultivation through two of it subsidiary companies, namely Brilliant Development Sdn Bhd and Brilliant Delta (M) Sdn Bhd, over 826.26 acres of agriculture land. The results of oil palm cultivation are expected to contribute positively to the performance of OIB Group.

5 Years Results (RM'000)	Year ended 30 June 2013	2012	2011	2010	2009
Revenue	**83,695**	104,320	94,742	96,347	106,114
Profit/(Loss) before taxation	**8,314**	19,146	(3,894)	4,529	11,711
Taxation	**(2,361)**	(5,339)	(1,006)	(2,632)	(2,446)
Profit/(Loss) for the financial year	**5,953**	**13,807**	**(4,900)**	**1,897**	**9,265**
Attributable to:					
Owners of the parent	**3,812**	9,068	(7,044)	1,245	8,656
Non-controlling interest	**2,141**	4,739	2,144	652	609
Profit/(Loss) for the financial year	**5,953**	**13,807**	**(4,900)**	**1,897**	**9,265**

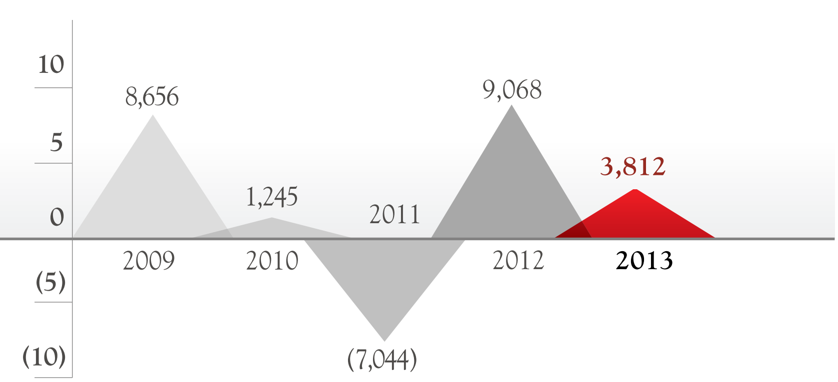
REVENUE
(RM'000)



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



PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM'000)



From left to right :
Mr Khaw Eng Peng, Mr Goh Chooi Eam, En. Aswandi Bin Mohamed Hashim, En. Hazman Bin Thobrani, Dato' Wira Haji Thobrani Bin Haji Hanafi, Mr Goh Aik Keong, Tuan Haji Ahmad Bin Abdul Rashid

Board of Directors

Profile of Directors

Dato' Wira Haji Thobrani Bin Haji Hanafi

Malaysian, aged 67, was appointed to the Board on 19 August 1994 as Executive Chairman of the Company, a position he is still holding to date. He obtained his Bachelor of Arts degree in Social Science from University of Malaya in 1969 and attended City Planning Studies in Europe and Thailand in 1977. Dato' Wira Haji Thobrani served with the Kedah State Civil Service for 13 years in various capacities and was President of Majlis Perbandaran Kota Setar, Kedah prior to leaving Civil Service to join OIB Group in August 1982. He is the spouse of Datin Sharifah Mahiran Binti Syed Kechil as well as having a substantial interest in Thobrani Holdings Sdn. Bhd.; both of them are substantial shareholders of the Company. He is the father of En. Hazman Bin Thobrani, an Executive Director of the Company.

Mr. Goh Aik Keong

Malaysian, aged 50, joined the Board on 23 November 2006 and was appointed as the Managing Director of the Company on 26 August 2008. Mr. Goh graduated from University of Melbourne in 1988 with a Bachelor of Architecture degree. Upon returning to Malaysia in that same year, Mr. Goh joined Longway Sdn. Bhd., a substantial founding shareholder of OIB, as Project Manager for the development of Taman Delima in Sungai Petani, Kedah. After the completion of earlier phases of Taman Delima, he left Longway Sdn. Bhd. to join OIB Group as General Manager in August 1990 and is responsible for planning, implementation and development of the Group's housing operations in the State of Selangor. He is currently overseeing the operations of Property Development Division (Central Region except Bangi Region) for OIB Group. Mr. Goh is a substantial shareholder of the Company. He is the brother of Mr. Goh Aik Lai, who is also a substantial shareholder of the Company.

En. Hazman Bin Thobrani

Malaysian, aged 38, is an Executive Director of the Company and was appointed to the Board on 5 November 2007. En. Hazman was awarded a full scholarship from Telekom Malaysia Berhad for his undergraduate studies and graduated from Carnegie Mellon University, Pittsburgh, Pennsylvania, USA in 1999 with a Bachelor of Science degree in Electrical and Computer Engineering with an additional major in Economics. En. Hazman's preliminary involvement in OIB Group began during semester breaks of his undergraduate studies as an Assistant Project Manager. After graduation, he joined OIB Group on 1 August 1999 as Assistant General Manager, overseeing planning and implementation of the Group's property development operation in the state of Selangor. In 2007, he was promoted as the General Manager of the Group to lead the operation of the Northern Region Property Development Division. He is the son of Dato' Wira Haji Thobrani Bin Haji Hanafi, the Executive Chairman of the Company, and Datin Sharifah Mahiran Binti Syed Kechil, both of them are substantial shareholders of the Company.

Mr. Khaw Eng Peng

Malaysian, aged 46, is an Executive Director of the Company and was appointed to the Board on 5 November 2007. Mr. Khaw is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants. He joined Messrs. Coopers & Lybrand (now merged under the firm PricewaterhouseCoopers) in 1993, attached to audit and compliance services division of the firm. In 1996, he left audit practice, as Assistant Audit Manager, joining OIB Group as Senior Manager in Finance and Administration Department. He was promoted to the rank of Assistant General Manager in 2001, overseeing all financial reporting, corporate compliance and administration aspects for OIB Group. Mr. Khaw is also a Director of Kobay Technology Berhad.

Mr. Goh Chooi Eam

Malaysian, aged 52, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 5 November 2007. Mr. Goh is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants and Malaysian Institute of Taxation. He is also a Certified Financial Planner of Financial Planning Association of Malaysia. He was attached to Allan Ong & Co., Sateras Management Sdn. Bhd. and Tor & Co. between 1984 and 1988, from which he acquired both statutory and internal audit training. Mr. Goh qualified as a Chartered Certified Accountant in 1988. He joined Messrs. Coopers & Lybrand (now merged under the firm PricewaterhouseCoopers) in 1989 as an Audit Assistant and was promoted to Assistant Audit Manager in 1991. He left Messrs. Coopers & Lybrand in 1994 to set up his own practice under the name of CE Goh & Associates providing audit, accounting and other related services. He is also a Director of CE Goh Taxation Services Sdn. Bhd. providing tax consultancy services. Mr. Goh is also a Director of Supercomnet Technologies Berhad.

Tuan Haji Ahmad Bin Abdul Rashid

Malaysian, aged 62, is a Senior Independent Non-Executive Director of the Company and was appointed to the Board on 16 August 2001. He obtained a Bachelor of Arts degree from University of Malaya in 1974. Tuan Haji Ahmad started his career as an Assessing Officer in the Department of Inland Revenue, after a few months, to serve as an Assistant Director of the Bumiputera Participation Unit in the Ministry of Trade and Industry in 1975. He was appointed as a Lay Magistrate for a period of 2 years before pursuing his law degree in 1977. After obtaining his Bachelor of Law degree from University of Malaya in 1980, Tuan Haji Ahmad continued serving as a Judicial and Legal Officer until starting his private practice, Ahmad A. Rashid & Co., in 1983.

En. Aswandi Bin Mohamed Hashim

Malaysian, aged 40, is an Independent Non-Executive Director of the Company and was appointed to the Board on 29 May 2012. En. Aswandi served as an officer at the Immigration Department of Malaysia once completed his studies at secondary level on 6 July 1992. He continues to pursue his diploma in the field of Public Administration at Institut Teknologi MARA (ITM) and completed his law studies at Universiti Kebangsaan Malaysia in year 2004. Upon completion of his studies, En. Aswandi worked at the Immigration Department of Malaysia and was promoted to Assistant Director of Department of Industrial Relation Malaysia (Under Ministry of Human Resources), heading the Investigation and Enforcement Unit of Legislation Division. In year 2007, En. Aswandi was elected Deputy State Director as well as Head of Industrial Dispute Unit, responsible in advising Director of State Department, and was an Senior Facilitator in the Ministry of Human Resources on Productivity Link Wage System, which related to productivity. Since year 2009, En. Aswandi operates his own legal firm until current, after working in public sector for 18 years.

Notes:

- Other than as disclosed in the Profile of Directors, none of the Directors has any family relationship with any other Directors and/or substantial shareholders of the Company.
- None of the Directors has any conflict of interest with the Company.
- Other than as disclosed in the Profile of Directors, none of the Directors holds any directorship in other public companies.
- None of the Directors has been convicted of any offences, except for traffic offences, where applicable, within the past 10 years.

Chairman's Statement

On behalf of the Board of Directors (the "Board") of OIB, it is my pleasure to present to you the Twentieth Annual Report of OIB Group in respect of the financial year ended 30 June 2013.

Financial Results

The Group recorded a pre-tax profit of RM9.349million at the back of revenue of RM83.695million, representing a decrease of 55% in pre-tax profit and 14% in revenue respectively as compared to the preceding financial year.

Excluding the non-recurrent gain of RM3.265million arising from sale of land of RM7.928million recognised by Property Development Division in the preceding financial year and reversal of impairment loss on leasehold lands of RM0.905million in the reporting financial year, pre-tax profit and revenue for the reporting financial year were lower by 52% and 6% respectively.

Dato' Wira Haji Thobrani Bin Haji Hanafi
Executive Chairman

Property Development

Property Development Division registered 14% decrease in progressive billings for the reporting financial year and consequently pre-tax profit shrank by 56% compared with preceding financial year. Without the non-recurrent gain mentioned above, revenue and pre-tax profit of Property Development Division for the reporting financial year were actually reduced by 6% and 53% respectively; predominantly attributable to escalating construction costs and more low-cost housing projects undertaken in the reporting financial year.

Oil Palm Cultivation

Revenue and pre-tax profit from oil palm cultivation activities for the reporting financial year contracted by 24% and 43% respectively compared with preceding financial year, mainly due to weakened CPO price.

Associated Company

The Group recognised share of results from associated company, Prestasi Raya Sdn Bhd in the reporting financial year was not significant as its contribution was mainly derived from its interest income, while its housing project is expected to be launched in the near future.

Financial Position

During the reporting financial year, total equity of the Group further enhanced from RM326.278million in 2012 to RM327.102million as at end of the financial year 2013, while the liquidity standing of the Group between two reporting dates had decreased from RM59.804million to RM46.027million, mainly attributed to net cash used in operating and financing activities.

Corporate Development

During the reporting financial year, Cahajaya Timber Industries Sdn Bhd, Patriot Furniture Sdn Bhd and Guar Timber Sdn Bhd (referred to as the "Cahajaya Group") had been excluded from consolidated financial statement of OIB as a result of the commencement of member's voluntary winding up of Cahajaya Group pursuant to Section 254(1)(b) of the Companies Act, 1965 on 11 July 2012. There was a gain of RM168,000 to OIB Group arising from loss of control of Cahajaya Group upon commencement of the said winding up. Meanwhile, loss incurred by Cahajaya Group of RM1.035million was duly presented in the Statement of Comprehensive Income as loss from discontinued operations. Accordingly, OIB's investment in Cahajaya Group was classified as available-for-sale financial assets to be presented at fair value since then. With Cahajaya Group valued at fair value of RM10.978million in the Statement of Financial Position as at 30 June 2013, which resulted in a gain on fair value changes of RM1.669million and was recognised as Other Comprehensive Income.

As at date of this statement, the process of member's voluntary winding up of Cahajaya Group is still in progress under the care of liquidators appointed.

Dividend

To reward the shareholders justly for their faithful confidence in and support to the Directors and management, the Board is pleased to recommend, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"), a first and final dividend of 10% less 25% income tax in respect of the financial year ended 30 June 2013.

Corporate Governance

Placing utmost importance in a sound corporate governance framework, the Board managed its business and operational activities of the Group, through observing high degree of principles and practices adopted. With this fundamental concept in mind, the Board, with the assistance of its various board committees, practices a more transparent and accountable reporting system with the operational management team; which is conducive to more interaction and constructive suggestion and discussion. In so doing, this effort will continue to sustain the business growth of the Group and enhancing shareholders' value in the long term; and these endeavours were illustrated in more details in the Corporate Governance Statement enclosed in this Annual Report.

Corporate Social Responsibility ("CSR")

It is committed effort of the Board in ensuring OIB Group continues playing its role as a responsible corporate citizen based fundamentally around the values of integrity and partnership. Although OIB Group does not formally establish a CSR framework, the Board is always on the lookout at the best possible ways to fulfill its CSR by aligning and embedding its core value with authenticity, transparence and relevance in order to be responsive to meet distinct needs of the workplace, markets and communities.

CSR Contributions in 2013

- Contributing to local charitable organisation.
- Contributing to construction of public amenities.
- Participating in and supporting schemes and activities promoted by local government.
- Encouraging employees as to skills development and career advancement through various aids.
- Continuing improvement to working environment for and welfare of the staff.

Prospects

With the current slow global recovery, Malaysian economic growth would expect to be affected for the remaining of 2013. Although the interest rate is kept at its present level to provide support to Malaysia economy activities, the recent curbs imposed by Central Bank on capping personal loans and property loans aimed to regulate escalating household debt levels, may have a negative short term effect on property market. In addition, the recent petrol hike arising from reduced government subsidies would bring about inflationary impact on construction cost and inevitably affect consumer confidence in venturing into capital and financial commitment.

Moving forward, the Board expects the business environment in which the Group is operating to be more challenging and competitive. Nevertheless, Property Development Division will remain focus in continuing service its traditional clientele, mainly comprised of owner-occupiers. With OIB Group focusing on affordable landed residential units at strategic locations, the Group will generate enough contribution from existing and newly launched schemes to ensure its results remain profitable for the forthcoming financial year.

Appreciation

Lastly, my fellow Board members and I wish to express our sincere appreciation to the management and staff for their tireless effort and teamwork in executing their duties as well as their valuable loyalty to the Group. We also would like to thank our shareholders, customers, business trade partners and the regulatory authorities for their confidence in and support to us. As for my fellow Directors, I wish to extend my heartfelt gratitude to them for their determination and perseverance, exemplified through their professionalism in Board meetings.

Dato' Wira Haji Thobrani Bin Haji Hanafi
Executive Chairman
Date: 26 September 2013

The Board of OIB recognises the importance of maintaining high standards of corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

The Board upholds the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (the "MCCG 2012" or the "Code"). This statement sets out how the Company has applied the 8 Principles of the MCCG 2012 during the financial year following the release of the MCCG 2012 by the Securities Commission in late March 2012 within the Oriental Interest Berhad (the "Company") and its subsidiary companies (the "Group"). Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof, is included in this statement.

Principle 1 - Establish clear roles and responsibilities of the Board and Management

The Board acknowledges its key role in setting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- to review and adopt a strategic plan for the Group including setting performance objectives and approving operating budgets to ensure the strategies promote sustainability;
- to oversee the conduct of the Group's businesses and build sustainable value for shareholders;
- to review procedures to identify principal risks and ensure the implementation of appropriate internal controls and mitigating measures to manage these risks;
- to implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Executive Directors and Senior Management;
- to develop and implement a Corporate Disclosure Policy (including an investor relations programme or shareholder communications policy) for the Group;
- to review the adequacy and the integrity of the Group's internal control system and management information systems;
- to monitor and review management processes aimed at ensuring the integrity of financial and other reporting to ensure that the Group's financial statements are true and fair as well as conform with the accounting standards;
- to monitor and review policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- to ensure that the Group adheres to high standards of ethics and corporate behaviour.

To ensure the proper discharge of its stewardship role, the Board has established Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Remuneration Committee and Nominating Committee and further entrusted to them, specific responsibilities to oversee the Group's affairs and authority to act on the Board's behalf in accordance with their respective terms of reference. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

The roles and functions of the Board as well as roles delegated to Management are clearly delineated in the Board Charter. Whilst the Board retains full and effective control in directing and supervising the business and affairs of the Company, Management is responsible for day to day operations instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. Such demarcation of roles is clearly set out in the Board Charter which complements and reinforces the supervisory role of the Board.

The Board has formalised its Board Charter according to the latest developments in the Group as well as regulatory requirements. The Board Charter has been published on the Company's website at **www.oibgroup.com**.

Principle 1 - Establish clear roles and responsibilities of the Board and Management (continued)

Code of Ethics and Whistle Blower Policy

The Board has also formalised in writing the Code of Ethics and Code of Conduct in early 2013, setting out the standards of ethics and conduct expected from its Directors, Management and Officers to enhance the standards of corporate governance and corporate behaviour.

The Company has also put in place a whistle blower policy which allows the whistle blower to raise concerns about actual or potential corporate fraud or breach of ethics involving any employee, Senior Management or Director of the Group. Whistle blowing reports are addressed to Designated Officers of the Company, its Senior Independent Director or the Chairman of the ARMC following the form and specific conditions as prescribed under the policy. The policy also affirms that the identity of the whistle blower will be kept confidential and protection will be accorded to the whistleblower against any form of reprisal or retribution.

The Board has the overall responsibility of overseeing the execution of the whistle blower policy and recognises the importance of adhering to the Code of Ethics and Code of Conduct by all Directors, Management and Officers.

Whistle Blower Policy is available for viewing at the Company's website at **www.oibgroup.com**.

Sustainability of Business

The Board is mindful of the importance of business sustainability and has incorporated the Sustainability Policy into its corporate strategy, considering its impacts on environmental, social and governance aspects. Additionally, the Company's activities on corporate social responsibilities are disclosed on pages 11 and 12 of this Annual Report.

Supply of, and access to, Information

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretaries, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to understand and appreciate issues deliberated at the Board meeting and expedites the decision making process.

Prior to the Board and Board Committees meeting, appropriate documents, which include the agenda and reports relevant to the issues of financial, operational, and regulatory compliance matters, are circulated to all Directors. This enables the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

Every Director has unrestricted access to the advice and services of the Company Secretaries, who ensure that the Board receives appropriate and timely information for its decision-making; to ensure that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretaries ensure that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained. The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board.

The Directors meet, review and approve all major corporate announcements, including the announcement of quarterly financial results, before releasing them to Bursa Securities.

There is a formal procedure sanctioned by the Board, whether as a full board or in their individual capacity, to take independent professional advice, where necessary, in furtherance of their duties, at the Group's expense.

Principle 2 - Strengthen Composition of the Board

As at date of this Statement, the Board consists of seven (7) members, comprising four (4) Executive Directors and three (3) Non-Executive Directors, two (2) of whom are independent. This composition fulfills the requirements set out under the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. The profile of each Director is set out on pages 6 to 9 of this Annual Report.

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of references as follows:

ARMC

The ARMC was established to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

The composition and summary of the terms of reference together with its report are presented in pages 22 to 24 of this Annual Report.

Nominating Committee - Selection and Assessment of Directors

As at date of this Statement, the members of the Nominating Committee, which comprise wholly of Non-Executive Directors, with a majority being Independent are as follows:

Directors	Number of meetings attended
Tuan Haji Ahmad Bin Abdul Rashid (Chairman) Senior Independent Non-Executive Director	1/1
Goh Chooi Eam Non-Independent Non-Executive Director	1/1
Aswandi Bin Mohamed Hashim Independent Non-Executive Director	1/1

The Nominating Committee is empowered by the Board through clearly defined terms of reference to oversee the assessment of the Board as a whole, Board Committees and each individual Director, nominate to the Board the candidature of Directors and Board Committees' members as well as review the Board's succession plans and training programmes.

Appointment and annual assessment processes

In discharging its responsibilities, the Nominating Committee has developed, maintained and reviewed the criteria to be used in the recruitment and annual assessment of Directors. The suitability of candidates is evaluated for recommendation to the Board and the Nominating Committee takes into consideration, inter-alia, the competency, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

Following the appointment of new Directors, the Committee shall facilitate an induction programme to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of directors. This will enable the Directors to discharge their duties and responsibilities effectively. The necessary information for a better understanding of the business may include, e.g. board minutes, the business/ strategic plan, pertinent management reports, profile of key competitors and significant reports by management consultants on areas of board responsibilities and arranging visits to key sites.

Principle 2 - Strengthen Composition of the Board (continued)

Appointment and annual assessment processes (continued)

The Committee reviews annually the required mix of skills and experience for Directors and assesses annually the contributions of each individual Director and the effectiveness of the Board Committees and the Board as a whole. Furthermore, the Nominating Committee reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board. In so far as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The results of the assessment would also be used to indicate potential trainings to be provided in the future for enhancement to the Directors' capabilities.

Re-election

The Articles of Association provide that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in every three years but shall be eligible for re-election.

The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, personal profile and shareholding information of each Director standing for election are presented in this Annual Report under Profile of Directors and Analysis of Shareholdings respectively.

Directors' Training

The Board, through the Nominating Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. All Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd within the time frame stipulated in the Listing Requirements. The Directors continue to undergo various courses, programs and briefings to keep them updated on latest regulatory changes and enhance their skills and knowledge, where relevant.

The following are the courses and training programs attended by the Directors for the financial year ended 30 June 2013:

Directors	Details of training	Date
Dato' Wira Haji Thobrani Bin Haji Hanafi	Understanding the Governance framework for Boardroom Excellence MCCG 2012 & Amended Listing Requirements	13 May 2013
	Quality and Development Jaksa Pendamai Selangor 2013	23 June 2013
Goh Aik Keong	Understanding the Governance framework for Boardroom Excellence MCCG 2012 & Amended Listing Requirements	13 May 2013
Hazman Bin Thobrani	Tax Audit & Practical Tax Planning Strategies for You & I	6 November 2012
	Master Class - Employment Act Industrial Relatio n & Disciplinary Inquiry	8 & 9 April 2013

Principle 2 - Strengthen Composition of the Board (continued)

Directors' Training (continued)

Directors	Details of training	Date
Khaw Eng Peng	Accounting Impact - Revenue, Construction Contracts, Property Development & IC Interpretation 15	13 & 14 August 2012
	The Law, The Practice & You	4 September 2012
Tuan Haji Ahmad Bin Abdul Rashid	Understanding the Governance framework for Boardroom Excellence MCCG 2012 & Amended Listing Requirements	13 May 2013
Goh Chooi Eam	The Transfer Pricing Seminar 2012	19 September 2012
	Seminar Percukaian Kebangsaan 2012	9 October 2012
	Reinvestment Allowance Understanding Schedule 7A ITA 1967	11 April 2013
	Auditors & Fraud - Auditors' Responsibility Considering Fraud in Audit	9 & 10 May 2013
	National Tax Conference 2013	24 & 25 June 2013
Aswandi Bin Mohamed Hashim	Mandatory Accreditation Programme for Directors of Public Listed Companies	12 & 13 September 2012
	Advocacy Training Course	14 & 15 June 2013

The Board encourages its Directors to attend relevant training programmes, seminars and forums to enhance their skills and knowledge on relevant new laws and regulations, changing commercial risk to keep abreast with the development in the economy, industry, technology and business environment within which the Group operates.

Remuneration Committee - Directors' Remuneration

As at date of this Statement, the members of the Remuneration Committee, which comprise wholly of Non-Executive Directors, with a majority being Independent are as follows:

Directors	Number of meetings attended
Goh Chooi Eam (Chairman) Non-Independent Non-Executive Director	1/1
Tuan Haji Ahmad Bin Abdul Rashid Senior Independent Non-Executive Director	1/1
Aswandi Bin Mohamed Hashim Independent Non-Executive Director	1/1

The Remuneration Committee is responsible for recommending and putting in place a structured remuneration framework for Managing Director, Executive Directors and Senior Management to the Board and to review the Group's remuneration policies and procedures.

The policy adopted by the Committee on Directors' remuneration is to structure remuneration packages necessary to attract, retain and motivate Directors to effectively manage the business of the Group.

Principle 2 - Strengthen Composition of the Board (continued)

Remuneration Committee - Directors' Remuneration (continued)

The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole, with individual Directors abstaining from decisions in respect of their own remuneration.

The Directors' remuneration should be aligned with the business strategy of the company and market rates within the industry and in comparable companies, and to reflect the Board's responsibilities, experience, contributions, ethical values as well as corporate and individual performance. Details of Directors' remuneration for the financial year ended 30 June 2013 are as follows:

Categories	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	100	90	190
Allowances	23	33	56
Salaries	1,557	0	1,557
Bonuses	499	0	499
Employees' Provident Fund	247	0	247
Estimated Value of Benefits-in-Kind	104	0	104
Total	**2,530**	**123**	**2,653**

Directors' Remuneration in Bands of RM50,000

Categories	Executive Directors	Non-Executive Directors
RM50,000 and below	0	3
RM450,001 - RM500,000	2	0
RM600,001 - RM650,000	1	0
RM950,001 - RM1,000,000	1	0

Principle 3 - Reinforce Independence of the Board

There is clear division of responsibilities between the Chairman and the Managing Director ("MD") to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Group Executive Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. On the other hand, the MD is responsible for the executive management of the Group's Business covering, inter alia, the development of a long-term strategic and short-term profit plans, annual operating plan and budget, to ensure that the Group's requirements for growth, profitability and return on capital are achieved. He is supported by the Executive Directors and Management team in implementing the Group's strategic plan and overseeing the operations and business development of the Group.

Principle 3 - Reinforce Independence of the Board (continued)

Recommendation 3.5 of the MCCG 2012 provides that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The existing composition of the Board is such that Independent Directors do not form a majority. The Board believes that the interests of shareholders are best served by a Chairman who is sanctioned by shareholders and who acts in the best interests of shareholders as a whole. As the Chairman has a significant relevant interest in the Group, he is well placed to act on behalf of shareholders and in their best interests. The Board also believes that the current Directors has a balanced mix of skills, experience, expertise and competency to bring the Group forward while discussions are always carried out with candour and vigour, allowing all Directors to express their opinions regardless of their position.

The Independent Non-Executive Directors bring to bear objective and independent judgement to the decision-making of the Board and provide a review and challenge on the performance of Management. The Non-Executive Directors contribute in areas such as policy and strategy, performance monitoring as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who have proper understanding of and competency to deal with, current and emerging business issues. During the financial year under review, the Nominating Committee has concluded that the Independent Directors have complied with the criteria of independence as set out in the Directors' Assessment Policy, taking into consideration the definition under Paragraph 1.01 of Listing Requirements, the Companies Act 1965 and the MCCG 2012.

The Board Charter and Directors' Assessment Policy have incorporated the requirement as set in the Code restricting the tenure of an Independent Director to a cumulative term of nine (9) years. However, while an Independent Director may continue to serve the Board after having reached the 9-year limit, he or she may be subjected to re-designation as a Non-Independent Non-Executive Director. Further, if the Board intends to retain the Director as Independent after the latter has exceeded the tenure, the Board shall justify the decision and seek shareholders' approval at a general meeting.

Following the assessment and deliberation by the Board, the Board recommended Tuan Haji Ahmad Bin Abdul Rashid, who has served as an Independent Non-Executive Director of the Company since August 2001, to continue to act as an Independent Non-Executive Director subject to shareholders' approval at the forthcoming AGM. Key justifications for his recommended continuance as an Independent Non-Executive Director are as follows:

- he fulfills the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, is able to bring independent and objective judgement to the Board;
- he provides the Board and Board Committees with valuable experience, expertise, skills and competence;
- he has been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Board Committees meetings;
- he has contributed sufficient time and efforts in attending the Board and Board Committee meetings;
- he has actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board; and
- he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders.

Principle 4 - Foster commitment of Directors

The Board shall meet regularly, at least on a quarterly basis with additional meetings to be held as and when required. Prior notice of meetings will be given to all who are required to attend the meetings. Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

Principle 4 - Foster commitment of Directors (continued)

It is the policy of the Company for Directors to devote sufficient time and effort in carrying out their responsibilities. The Directors have to attend at least half of the meetings held for each financial year in accordance with Articles of Association of the Company and Listing Requirements.

During the financial year under review, seven (7) Board meetings were held and details of Directors' attendance are as follows:

Position	Directors	Attendance
Executive	Dato' Wira Haji Thobrani Bin Haji Hanafi (Chairman)	7/7
	Goh Aik Keong (MD)	7/7
	Hazman Bin Thobrani	7/7
	Khaw Eng Peng	7/7
Non-Independent Non-Executive	Goh Chooi Eam	7/7
Independent Non-Executive	Tuan Haji Ahmad Bin Abdul Rashid	7/7
	Aswandi Bin Mohamed Hashim	7/7

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities.

Principle 5 - Uphold integrity in financial reporting

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, primarily through the annual financial statements and quarterly announcements of results to Bursa Securities. The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting. This shall include the Group's financial results and cash flows for the year then ended as well. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments as well as estimates in accordance with the applicable approved Financial Reporting Standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

Key features underlying the relationship of the ARMC with the internal and external auditors are included in the ARMC's terms of reference as detailed under ARMC Report in this Annual Report. A summary of the activities of the ARMC during the financial year, including the evaluation of the independent audit process, are set out in the ARMC Report in this Annual Report.

The ARMC shall assess the suitability and independence of the external auditors before deciding to recommend their re-appointment to the Board. This includes reviewing the contracts for provision of non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money. Forbidden contracts include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation. In addition, the ARMC also receives confirmation from external auditors on their independence annually. During the financial year under review, the External Auditor confirmed their independence in the ARMC meeting.

Principle 5 - Uphold integrity in financial reporting (continued)

Details of the fees paid/payable in respect of the financial year under review to the external auditors are as set out below:

	Group RM'000	Company RM'000
Statutory financial audit	365	52
Review of various statements by Directors	4	4
Housing Development Authority audit	50	0
Total	**419**	**56**

Principle 6 - Recognise and manage risks

Recognising the importance of risk management, the Board has in the past years formalised a structured Enterprise Risk Management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The key features of the Enterprise Risk Management framework are set out in the Statement on Risk Management and Internal Control of the Group on pages 28 and 29 of this Annual Report.

In line with the Listing Requirements of Bursa Securities and MCCG 2012, the Group has established its internal audit function by outsourcing to an independent firm of consultants to carry out internal audit of the Group. Details of the Company's internal control system and internal audit's scope of work during the financial year under review is provided in the Statement on Risk Management and Internal Control of the Group set out on pages 28 to 30 of this Annual Report.

Principle 7 - Ensure timely and high quality disclosure

The Board recognises the need for comprehensive, timely and accurate disclosures of all material Company information to the public so as to ensure a credible and responsible market in which participants conduct themselves with the highest standards of due diligence and investors have access to timely and accurate information to facilitate the evaluation of securities.

During the financial year under review, the Board has formalised its Investor Relations Policy to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, but also in setting out the protocols for disclosing material information to shareholders and stakeholders.

To ensure thorough public dissemination, the Company has leveraged on information technology including making announcements via Bursa Securities and establishing a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, stock information, and the Company's quarterly and annual reports may be accessed.

Principle 8 - Strengthen relationship between Company and shareholders

Shareholder participation at general meeting

The AGM, which is the principal forum for shareholders' dialogue, allows shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating on proposed resolutions as well as the Group's operations in general. In the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

Principle 8 - Strengthen relationship between Company and shareholders (continued)

Shareholder participation at general meeting (continued)

The Company dispatches its notice of AGM to shareholders at least twenty one (21) days before the date of the meeting to enable shareholders to go through the annual report and papers supporting the resolutions proposed. Shareholders are invited to ask questions regarding the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. Poll voting has been put in place for all proposed resolution in the AGM for which notice or circulars have been issued to shareholders as well as disclosing detailed results showing the number of votes cast for and against each resolution.

Communication and engagement with shareholders

The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, the financial community, and the public generally. The various channels of communications are through the quarterly announcements of financial results to Bursa Securities, relevant announcements and circulars when necessary, AGM, and through the Group's website at **www.oibgroup.com** where shareholders can access corporate information, press releases, and company announcements.

This Statement is issued in accordance with a resolution of the Board dated 26 September 2013.

As at date of this Report, the members of the ARMC, which comprise wholly of Non-Executive Directors, with a majority being Independent are as follows:

Directors	Number of meetings attended
Tuan Haji Ahmad Bin Abdul Rashid (Chairman) Senior Independent Non-Executive Director	5/5
Goh Chooi Eam Non-Independent Non-Executive Director	5/5
Aswandi Bin Mohamed Hashim Independent Non-Executive Director	5/5

Summary of activities during the financial year

The ARMC carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the ARMC were as follows:

- Reviewed the external auditors' scope of work and audit plan for the year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors the results of the audit and significant audit/accounting issues;
- Reviewed and approved the internal audit plan to ensure the adequacy of the scope and comprehensive coverage of the activities of the Group;
- Reviewed the reports on internal audit, carried out by an independent firm of consultants, which highlighted the audit issues, recommendations and Management's response, including the implementation status of Management-agreed actions to address findings highlighted in previous cycles of internal audit;
- Reviewed the Company's compliance, in particular the quarterly and year end financial statements, with the Listing Requirements of Bursa Securities and other relevant legal and regulatory requirements, before recommending them for the Board's approval; and
- Reviewed related party transactions and conflict of interest situation that may arise within the Group.

Internal audit function

The Group outsourced its internal audit function to an independent firm of consultants to carry out internal audit fuction of the Group. The principal role of the internal audit function is to undertake independent and periodic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the ARMC with independent and objective reports on the state of internal control of the key business units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year ended 30 June 2013, the internal audit function carried out one (1) cycle of internal audit on the compliance of regulatory authorities and viability of the Group's Hotel Operations in the Central Region, and also conducted a subsequent follow-up of on the implementation of recommendations from previous cycles of internal audit and updated the ARMC on the status of Management agreed action plan implementation. In July 2013, another cycle of internal audit was carried out covering the project cost monitoring and compliance with contractual obligations to purchasers for Property Development Division of Northern Region and the finding including its recommendations and management's response were reported to the ARMC in September 2013.

Terms of reference of the ARMC

Objectives

The primary function of the ARMC is to assist the Board in fulfilling the following oversight objectives on the Group activities:

- in complying with specified accounting standards and required disclosure as administered by Bursa Securities, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- in presenting a balanced and understandable assessment of the Company's position and prospects;
- in establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and
- in maintaining a sound system of internal controls and risk management to safeguard shareholders' investment and the Company's assets.

Powers

In carrying out its duties and responsibilities, the ARMC shall have the following rights:

- the explicit authority to investigate any matter within its Terms of Reference;
- access to the resources which are required to perform its duties;
- full, free and unrestricted access to any information, records, properties and personnel of the Company;
- direct communication channels with the external and internal auditors;
- ability to obtain independent professional or other advice at the Company's costs, and to invite external parties with relevant experience to attend the ARMC meetings, if required, and to brief the ARMC thereof;
- ability to convene meetings with external and internal auditors, or both, whenever deemed necessary, excluding the attendance of other Directors and employees of the Company;
- promptly report to Bursa Securities where a matter reported by the ARMC to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and
- the attendance of any particular ARMC meeting by other Directors and employees of the Company shall be at the ARMC's invitation and discretion, and specific to that relevant meeting only.

Composition

The ARMC shall be appointed by the Board from among its members who fulfill the following requirements:-

- the ARMC must be composed of not fewer than three (3) members;
- all the members must be Non-Executive Directors, with a majority of them being Independent Non-Executive Directors;
- the members of ARMC shall elect a Chairman from among their number who shall be an Independent Non-Executive Director;
- all members of the ARMC shall be financially literate and at least one member of the ARMC:-
  - must be a member of the Malaysian Institute of Accountants; or
  - if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience; and must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - fulfills such other requirements as prescribed or approved by Bursa Securities.
- no alternate Director shall be appointed as a member of the ARMC; and
- subject to any regulatory disqualification, members of the ARMC shall not be removed except by the Board. In the event of any vacancy in the ARMC, the Board shall within three (3) months fill the same so as to comply with all regulatory requirements. In any event the Board shall review the term of office and performance of the ARMC and each of its members at least once every three (3) years.

Secretary

The Secretary of the Company shall be the Secretary of the ARMC.

Meetings

- The minimum number of ARMC meetings to be held in a financial year is four (4) meetings. Additional meetings may be called at any time, at the discretion of the Chairman of the ARMC.
- The Managing Director and other appropriate officer(s) may be invited to attend where their presence are considered appropriate as determined by the ARMC Chairman.
- The internal auditors have the right to appear and be heard at any meeting of the ARMC and are recommended to attend each ARMC meeting.
- Upon the request of the internal auditors and/or external auditors, the ARMC Chairman shall also convene a meeting of the ARMC to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.
- Other Board members, employees of the Company and representatives of the external auditors may attend meetings upon the invitation of the ARMC.
- The ARMC shall meet at least twice a year with the external and internal auditors without the presence of executive Board members and the Management.
- The ARMC shall meet regularly, with due notice of issues to be discussed and shall record its conclusions accordingly.
- The Company Secretary or his/her representative shall be in attendance at each ARMC meeting and record the proceedings of the meeting thereat.
- The quorum for a meeting shall be two members of the ARMC, who are both Independent Directors.
- Subject to first paragraph above, in appropriate circumstances, the ARMC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the ARMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

Chairman

The duties and responsibilities of the Chairman of the ARMC are to:-

- Steer the ARMC to achieve the goals it sets;
- Consult the Secretary of the Company for guidance on matters related to the ARMC's responsibilities under the applicable rules and regulations, to which they are subject;
- Organise and present the agenda for ARMC meetings based on input from members of the ARMC for discussion on matters raised;
- Provide leadership to the ARMC and ensure proper flow of information to the ARMC by reviewing the adequacy and timing of documentation;
- Ensure that all members are encouraged to play their role in its activities;
- Ensure that consensus is reached on every ARMC resolution and where considered necessary, call for a vote;
- Manage the processes and working of the ARMC and ensure that the ARMC discharges its responsibilities without interference from the Management; and
- Engage on a regular basis with senior management, the internal and external auditors in order to be kept informed of matters affecting the Company.

Members

Each ARMC member shall be expected to:

- Provide individual external independent opinions to the fact-finding, analysis and decision making process of the ARMC;
- Consider view points from the other ARMC members in making decisions and recommendation for the best interest of the Board collectively;
- Keep abreast of the latest corporate governance guidelines in relation to the ARMC and the Board as a whole; and
- Continuously seek out best practices in terms of processes utilised by the ARMC, following which these should be discussed with the rest of the ARMC members for possible adoption.

Duties and Responsibilities

In fulfilling its primary objectives, the ARMC shall undertake the following responsibilities and duties:

External Audit

- Nominate and recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditors;
- Review with the external auditors, the nature, scope and plan of the audit before the audit commences and report the same to the Board;
- Ensure co-ordination if more than one audit firm is involved in the audit;
- Review with the external auditors, their audit report and report the same to the Board;
- Review with the external auditors, their evaluation of the system of internal controls and report the same to the Board and risk management;
- Review the assistance given by the employees of the Company to the external auditors and report the same to the Board;
- Review any letter of resignation from the external auditors and report the same to the Board;
- Review whether there is reason, supported by grounds, to believe that the external auditors are not suitable for reappointment and report the same to the Board;
- Discuss problems and reservations, if any, arising from the interim and final audits, and any matter which the external auditors wishes to discuss in the absence of the Management, where necessary;
- Discuss and review the external auditor's management letter and management response (if any); and
- Discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts cannot be entered into should include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.

Internal Audit

- Review and report the same to the Board on the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review and report the same to the Board on the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;
- Ensure that appropriate action is taken on the recommendations of the internal auditors, where necessary;
- Review the assistance and co-operation given by the employees of the Company to the internal auditors;
- Review any appraisal or assessment of the performance of the internal auditors;
- Approve any appointment or termination of the internal auditors; and
- Review any letter of resignation of internal auditors and request the resigning firm to submit its reasons for resigning.

Risk Management

- Review the adequacy of Group's risk management framework and assess the resources and knowledge of the Management and employee involved in the risk management process;
- Review the effectiveness of internal control systems deployed by the Management to address those risks;
- Review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- Review and further monitor principal risks that may affect the Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
- Communication and monitoring of risk assessment results to the Board; and
- Actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Company.

Duties and Responsibilities (continued)

In fulfilling its primary objectives, the ARMC shall undertake the following responsibilities and duties: (continued)

Others

- Prior to the approval of the Board, review the quarterly and year-end financial statements and report the same to the Board, focusing particularly on:
  - any major changes in accounting policies and practices;
  - significant and unusual events;
  - the going concern assumption; and
  - compliance with accounting standards and other statutory requirements.
- Review any related party transactions and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board;
- Discuss and review the major findings of any internal investigations and the Management's response;
- Review the statement with regard to the state of internal controls and risk management of the Group for inclusion in the Annual Report and report the same to the Board;
- Oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance;
- Submit recommendations, where necessary, to the Board for approval;
- Perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities; and
- Consider other topics as defined by the Board.

Disclosure

The ARMC is required to prepare an Audit Report at the end of each financial year to be included and published in the Annual Report of the Company. The ARMC Report shall include the following:

- Composition of the ARMC, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
- A summary of the Terms of Reference of the ARMC;
- Number of ARMC meetings held during the financial year and details of attendance of each ARMC member;
- Summary of the activities carried out by the ARMC in the discharge of its functions and duties for that financial year of the Company; and
- Summary of the activities carried out by the internal auditors.

The ARMC shall assist the Board in making the following additional statements in the Company's Annual Report:

- Statement explaining the Board's responsibility for preparing the annual audited financial statements of the Group; and
- Statement about the state of internal controls and risk management of the Group.

Revision of the Terms of Reference

- Any revision or amendment to this Terms of Reference, as proposed by the ARMC or any third party, shall first be presented to the Board for its approval.
- Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

Statement on Risk Management and Internal Control

Introduction

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities requires the Board of listed issuers to include in its Annual Report a "statement about the state of internal control of the listed issuer as a group".

The Board of OIB is committed to maintaining a sound system of risk management and internal control in the Group and presents the following Statement on Risk Management and Internal Control (the "Statement"), which outlines the nature and scope of risk management and internal control prevailing in the Group during the financial year ended 30 June 2013 under review. The associated company has not been considered for the purpose of this statement.

Board's Responsibility

The Board affirms its ultimate responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its effectiveness, adequacy and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against any material misstatement or loss. The system of risk management and internal control covers inter-alia, strategic, financial, operational and compliance aspects for the business.

Following the publication of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the "Guidelines") in January 2013, the Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. The Board, through its ARMC, regularly reviews the results of this process, including mitigating measures taken by Management, to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

Risk Management

The Board fully supports the contents of the Guidelines and also Recommendation 6.1 of the MCCG 2012 which recommends the establishment of a sound framework to manage risks.

Management is responsible for identifying, evaluating, monitoring and reporting of risks and internal control as well as providing assurance to the Board that it has done so in accordance with the policies adopted by the Board.

The Board believes that maintaining a sound system of risk management and internal control is founded on a clear understanding and appreciation of the following key elements of the Group's risk management framework:

- A risk management structure which outlines the lines of reporting and establishes the responsibility at different levels, i.e. the Board, ARMC and Management, since 2002;
- On-going identification and management of principal business risks (present and potential) faced by each business segments in the Group. In February 2013, The Board, with the assistance from the appointed consultants, reviewed the updated Risk Profile compiled from the review of the documents as well as interviews with the key Management from selected business segments. For each principal risk, the assessment process considers the potential impact and likelihood of occurrence, effectiveness of controls in place (if any), and action plans taken to manage those risks to the desired level. The risk responses and internal controls that Management has taken and/or is taking are discussed at ARMC meetings;

Risk Management (continued)

- Risk appetite and parameters (qualitative and quantitative) for the Group and individual business segments have been articulated so as to gauge acceptability of risk exposure; and
- Preparation of action plans to address risk and control issues on an on-going basis. Further to the risk update in 2013, management with assistance from the consultants will update and highlight to the ARMC the progress status of implementation of key controls and risk mitigation plans for top 5 principal business risks of the Group going forward.

Whilst the Board considers the risk management framework to be adequate, the framework is still subject to continuous improvement, taking into consideration better practices and the changing business environment.

Internal Audit Function

The Group outsourced its internal audit function to an independent firm of consultants, which provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of risk management, internal control and governance of the Group. The internal audit function adopts a risk- based approach and prepares its audit strategy and plan based on the risk profiles of the business segments of the Group. The internal audit function reviews the internal control in the key activities of the Group's businesses based on a detailed annual internal audit plan approved by the ARMC. Opportunity for improvements to the system of internal control are identified and presented to the ARMC via internal audit reports whilst Management formulates
the relevant action plans to address the issues noted.

During the financial year under review, one (1) cycle of internal audit was carried out on the compliance to the regulatory authorities and viability of the Group's Hotel Operations in the Central Region. The findings of the internal audit function, including its recommendations and Management's responses, were reported to the ARMC in May 2013. In addition, the internal audit function also followed up on the implementation of recommendations from previous cycles of internal audit and updated the ARMC on the status of Management agreed action plan implementation. In July 2013, another cycle of internal audit was carried out covering the project cost monitoring and compliance with contractual obligations to purchasers for Property Development Division of the Northern Region, and the findings including its recommendations and Management's responses were reported to the ARMC in September 2013.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 30 June 2013 amounted to RM69,000.

Internal Control

The key elements of the Group's internal control system described below are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board:

(a) *Lines of responsibility and delegation of authority*

The Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. Hierarchical reporting is established to provide for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with internal checks and appropriate segregation of duties. These procedures are relevant across Group operations and provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board.

Internal Control (continued)

(b) *Continuous monitoring and reporting*

The Executive Director in charge of finance provides the Board with quarterly financial information, including pertinent explanations on the performance of the Group.

Where areas of improvement in the system of internal control are identified, the Board will consider the recommendation made by the ARMC and Management for implementation.

(c) *Corporate governance assessment*

During the year, the Company appointed an independent consultant to review the existing corporate governance practices of the Company against the Principles and Recommendations of the MCCG 2012. Where gaps were noted, Management has taken immediate actions in formalising the salient corporate governance policies and procedures such as Board Charter, Director Assessment Policy, Code of Conduct and Ethics, Whistle Blower Policy, etc.

Adequacy and effectiveness of the Group's risk management and internal control system

The Board has received assurance in writing from all Executive Directors that the Group's risk management and internal control system has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from relevant assurance providers, as well as its review, the Board is of the view that the Group's risk management and internal control system is satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's annual report. Cognizant of the importance of the Group's risk management and internal control system, the Board continues to take appropriate measures to strengthen the internal control environment and risk management framework.

This statement is issued in accordance with the resolution of the Directors dated 26 September 2013.

Conclusion

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 30 June 2013. Their review was performed in accordance with Recommended Practice Guide ('RPG') 5 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group. RPG 5 does not require the external auditors to and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

REPORTS and FINANCIAL STATEMENTS

Directors' Report

for the financial year ended 30 June 2013

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

Principal activities

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group consist primarily of property development, oil palm cultivation and investment holding. There have been no significant changes in the nature of these activities except for the discontinuance of manufacturing operations as disclosed in Note 22 to the financial statements and that a subsidiary commenced its hotel operations during the financial year.

Financial results

	Group RM'000	Company RM'000
Profit after taxation for the financial year from continuing operations	6,988	1,394
Loss after taxation for the financial year from discontinued operations	(1,035)	0
Profit after taxation for the financial year	5,953	1,394
Attributable to:		
Owners of the parent		
- from continuing operations	4,847	1,394
- from discontinued operations	(1,035)	0
	3,812	1,394
Non-controlling interests	2,141	0
Profit after taxation for the financial year	5,953	1,394

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the reversal of impairment loss on property, plant and equipment and the effects of significant events during the financial year as set out in Notes 9(b) and 35 to the financial statements, respectively.

Dividends

Dividends paid, declared or proposed since the end of the Company's previous financial year are as follows:

	RM'000
In respect of the financial year ended 30 June 2012, as proposed in the Directors' report for that financial year, a first and final dividend of 10% less income tax, paid on 21 December 2012	6,791

The Directors now recommend the payment of a first and final dividend of 10 sen per share on 90,545,002 ordinary shares, less income tax, amounting to RM6,790,875 in respect of the financial year ended 30 June 2013 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

Movements on reserves and provisions

All material transfers to or from reserves or provisions during the financial year are as disclosed in the financial statements.

Directors

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

Dato' Wira Haji Thobrani Bin Haji Hanafi
Goh Aik Keong
Hazman Bin Thobrani
Khaw Eng Peng
Tuan Haji Ahmad Bin Abdul Rashid
Goh Chooi Eam
Aswandi Bin Mohamed Hashim

In accordance with Article 80 of the Articles of Association, Khaw Eng Peng and Goh Chooi Eam will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests in shares in the Company and its related corporations during the financial year of the Directors holding office at the end of the financial year are as follows:

	Number of ordinary shares of RM1 each			
	1.7.2012	Addition	Disposal	30.6.2013
Oriental Interest Berhad (The Company)				
Dato' Wira Haji Thobrani Bin Haji Hanafi				
Direct	453	0	0	**453**
Indirect	13,463,000	0	0	**13,463,000**
Other @	364,000	0	0	**364,000**
Goh Aik Keong				
Direct	3,318,785	0	0	**3,318,785**
Indirect	5,142,731	0	(3,413,303)	**1,729,428**
Hazman Bin Thobrani				
Direct	20,000	0	0	**20,000**
Khaw Eng Peng				
Direct	95,002	0	0	**95,002**
Tuan Haji Ahmad Bin Abdul Rashid				
Indirect	60,000	0	0	**60,000**
Goh Chooi Eam				
Direct	203	0	0	**203**
Indirect	1,769,291	0	0	**1,769,291**
Brilliant Alliance Sdn Bhd (Subsidiary)				
Dato' Wira Haji Thobrani Bin Haji Hanafi				
Indirect	22,000	0	0	**22,000**
Goh Aik Keong				
Indirect	150,000	0	(150,000)	**0**
Goh Chooi Eam				
Direct	57,000	0	0	**57,000**

Directors' interests (continued)

	Number of ordinary shares of RM1 each 1.7.2012	Addition	Disposal	30.6.2013
Yiked Alliance Sdn Bhd (Subsidiary)				
Dato' Wira Haji Thobrani Bin Haji Hanafi				
Direct	1*	0	0	**1***
Khaw Eng Peng				
Direct	1*	0	0	**1***

* Held in trust for Brilliant Alliance Sdn Bhd

@ These are shares held in the name of the spouse and children and are regarded as interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965 with effect from 15 August 2007.

	1.7.2012	Addition	Disposal	30.6.2013
Aturan Cemerlang Sdn Bhd (Subsidiary)				
Dato' Wira Haji Thobrani Bin Haji Hanafi				
Indirect	207,900	0	0	**207,900**
Goh Aik Keong				
Indirect	903,700	0	(882,000)	**21,700**
Goh Chooi Eam				
Direct	174,650	0	0	**174,650**
Indirect	21,700	0	0	**21,700**
Yiked Brilliant Sdn Bhd (Subsidiary)				
Dato' Wira Haji Thobrani Bin Haji Hanafi				
Direct	1#	0	0	**1#**
Khaw Eng Peng				
Direct	1#	0	0	**1#**
Brilliant Delta (M) Sdn Bhd (Subsidiary)				
Goh Chooi Eam				
Indirect	697,000	0	0	**697,000**

Held in trust for Aturan Cemerlang Sdn Bhd

Other than as disclosed above, none of the Directors in office at the end of the financial year held any interest in shares in, or debentures of, the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than benefits that may be deemed to have arisen in relation to transactions entered into in the ordinary course of business as disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was 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.

Significant events

Significant events during the financial year are disclosed in Note 35 to the financial statements.

Other statutory information

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

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

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

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

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

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

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group or of the Company for the financial year in which this report is made;

(b) no charge on the assets of any company in the Group has arisen which secures the liabilities of any other person; and

(c) no contingent liability has arisen in respect of any company in the Group.

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

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Auditors

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

In accordance with a resolution of the Board of Directors dated 26 September 2013.

Dato' Wira Haji Thobrani Bin Haji Hanafi
Executive Chairman

Goh Aik Keong
Managing Director

Independent Auditors' Report

to the members of Oriental Interest Berhad

Report on the financial statements

We have audited the financial statements of Oriental Interest Berhad on pages 38 to 101, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of comprehensive income, changes in equity and 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 notes, as set out in Notes 1 to 36.

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 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 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 37 on page 102 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.

PricewaterhouseCoopers
[No. AF: 1146]
Chartered Accountants

Lim Teong Kean
[2499/12/13(J)]
Chartered Accountant

Penang

26 September 2013

Statements of Comprehensive Income

for the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	5	83,695	96,950	2,711	3,498
Cost of sales		(62,526)	(67,057)	0	0
Gross profit		21,169	29,893	2,711	3,498
Other operating income		3,326	3,797	69	148
Selling and distribution costs		(1,873)	(1,316)	0	0
Administrative expenses		(9,743)	(8,830)	(622)	(594)
Other operating expenses		(3,532)	(2,820)	(184)	(648)
Operating profit		9,347	20,724	1,974	2,404
Finance cost	6	0	(3)	0	0
Share of profit of associate		2	9	0	0
Profit before taxation	9	9,349	20,730	1,974	2,404
Taxation	10	(2,361)	(5,151)	(580)	(756)
Profit from continuing operations		6,988	15,579	1,394	1,648
Loss from discontinued operations	22	(1,035)	(1,772)	0	0
Profit after taxation		5,953	13,807	1,394	1,648
Other comprehensive income					
Gain on fair value change	22	1,669	0	1,669	0
Total comprehensive income for the financial year		7,622	13,807	3,063	1,648
Profit attributable to:					
Owners of the parent					
- from continuing operations		4,847	10,840	1,394	1,648
- from discontinued operations		(1,035)	(1,772)	0	0
		3,812	9,068	1,394	1,648
Non-controlling interests		2,141	4,739	0	0
		5,953	13,807	1,394	1,648
Total comprehensive income attributable to:					
Owners of the parent					
- from continuing operations		6,516	10,840	3,063	1,648
- from discontinued operations		(1,035)	(1,772)	0	0
		5,481	9,068	3,063	1,648
Non-controlling interests		2,141	4,739	0	0
		7,622	13,807	3,063	1,648
Basic earnings/(loss) per share attributable to owners of the parent (sen per share)	11				
- continuing operations		5.35	11.97		
- discontinued operations		(1.14)	(1.96)		
		4.21	10.01		

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

Statements of Financial Position

as at 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**62,629**	59,584	**0**	0
Land held for property development	13	**35,987**	38,234	**0**	0
Investment properties	14	**3,673**	3,677	**0**	0
Biological assets	15	**742**	794	**0**	0
Interest in subsidiaries	16	**0**	0	**203,405**	217,498
Investment in an associate	17	**3,170**	3,168	**0**	0
Deferred tax assets	18	**3,144**	3,817	**0**	0
		109,345	109,274	**203,405**	217,498
Current assets					
Property development costs	19	**124,308**	118,047	**0**	0
Inventories	20	**1,803**	12,914	**0**	0
Trade and other receivables	21	**65,428**	59,309	**953**	431
Available-for-sale financial assets	22	**10,978**	0	**10,978**	0
Tax recoverable		**3,784**	3,290	**269**	185
Deposits with licensed banks	23	**27,606**	30,425	**1,563**	2,655
Cash and bank balances	24	**18,421**	29,490	**2,123**	2,257
		252,328	253,475	**15,886**	5,528
TOTAL ASSETS		**361,673**	362,749	**219,291**	223,026
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	25	**90,545**	90,545	**90,545**	90,545
Share premium		**186**	186	**186**	186
Reserves	26	**176,149**	177,459	**128,312**	132,040
		266,880	268,190	**219,043**	222,771
Non-controlling interests		**60,222**	58,088	**0**	0
Total equity		**327,102**	326,278	**219,043**	222,771
Non-current liabilities					
Deferred tax liabilities	18	**283**	260	**0**	0
Provision for property development	27	**6,368**	5,747	**0**	0
		6,651	6,007	**0**	0
Current liabilities					
Trade and other payables	28	**23,938**	26,246	**248**	255
Provision for property development	27	**3,943**	2,982	**0**	0
Tax payable		**39**	1,125	**0**	0
Bank overdrafts	31	**0**	111	**0**	0
		27,920	30,464	**248**	255
Total liabilities		**34,571**	36,471	**248**	255
TOTAL EQUITY AND LIABILITIES		**361,673**	362,749	**219,291**	223,026

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

Statements of Changes in Equity

for the financial year ended 30 June 2013

Group	Note	Attributable to owners of the parent: Issued and fully paid ordinary shares of RM1 each: Number of shares '000	Nominal value RM'000	Non-distributable: Share premium RM'000	Revaluation of available-for-sale financial assets RM'000	Revaluation reserves RM'000	Distributable: Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2012		90,545	90,545	186	0	10,974	166,485	268,190	58,088	326,278
Total comprehensive income for the financial year		0	0	0	1,669	0	3,812	5,481	2,141	7,622
Transaction with owners:										
Dividend-financial year ended 30 June 2012	29	0	0	0	0	0	(6,791)	(6,791)	(7)	(6,798)
At 30 June 2013		90,545	90,545	186	1,669	10,974	163,506	266,880	60,222	327,102

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

Group	Note	Attributable to owners of the parent: Issued and fully paid ordinary shares of RM1 each: Number of shares '000	Nominal value RM'000	Non-distributable: Share premium RM'000	Revaluation reserves RM'000	Distributable: Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2011		90,545	90,545	186	10,974	164,208	265,913	54,366	320,279
Total comprehensive income for the financial year		0	0	0	0	9,068	9,068	4,739	13,807
Transaction with owners:									
Dividend-financial year ended 30 June 2011	29	0	0	0	0	(6,791)	(6,791)	(1,017)	(7,808)
At 30 June 2012		90,545	90,545	186	10,974	166,485	268,190	58,088	326,278

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

Statements of Changes in Equity (continued)

for the financial year ended 30 June 2013

Company	Note	Issued and fully paid ordinary shares of RM1 each Number of shares '000	Nominal value RM'000	Non-distributable Share premium RM'000	Revaluation of available-for-sale financial assets RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 July 2012		**90,545**	**90,545**	**186**	**0**	**132,040**	**222,771**
Total comprehensive income for the financial year		**0**	**0**	**0**	**1,669**	**1,394**	**3,063**
Transaction with owners:							
Dividend-financial year ended 30 June 2012	29	**0**	**0**	**0**	**0**	**(6,791)**	**(6,791)**
At 30 June 2013		**90,545**	**90,545**	**186**	**1,669**	**126,643**	**219,043**
At 1 July 2011		90,545	90,545	186	0	137,183	227,914
Total comprehensive income for the financial year		0	0	0	0	1,648	1,648
Transaction with owners:							
Dividend-financial year ended 30 June 2011	29	0	0	0	0	(6,791)	(6,791)
At 30 June 2012		90,545	90,545	186	0	132,040	222,771

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

Statements of Cash Flows

for the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
OPERATING CASH FLOWS					
Cash flows (used in)/generated from operations	30	**(1,319)**	17,522	**(737)**	(1,217)
Taxation paid		**(4,488)**	(3,799)	**0**	(857)
Tax refunds		**1,267**	168	**0**	0
Operating cash flows (used in)/generated from continuing operations		**(4,540)**	13,891	**(737)**	(2,074)
Operating cash flows generated from discontinued operations		**59**	466	**0**	0
Net operating cash flows		**(4,481)**	14,357	**(737)**	(2,074)
INVESTING CASH FLOWS					
Interest received		**1,176**	1,645	**53**	148
Dividends received		**0**	0	**1,994**	3,425
Proceeds from disposal of property, plant and equipment		**86**	0	**0**	0
Additions to property, plant and equipment		**(1,615)**	(202)	**0**	0
Additions to biological assets		**0**	(158)	**0**	0
Additions to land held for property development		**(1,028)**	(76)	**0**	0
Additions to investment property		**(78)**	(5)	**0**	0
Advances to subsidiaries		**0**	0	**(15,511)**	(17,961)
Investment in redeemable preferences shares (RPS) of certain subsidiaries*		**0**	0	**(238)**	0
Repayments of advances from subsidiaries		**0**	0	**20,004**	21,430
Net cash outflow upon loss of control of a subsidiary company		**(1,039)**	0	**0**	0
Investing cash flows (used in)/generated from continuing operations		**(2,498)**	1,204	**6,302**	7,042
Investing cash flows generated from discontinued operations		**0**	4	**0**	0
Net investing cash flows		**(2,498)**	1,208	**6,302**	7,042

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

for the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
FINANCING CASH FLOWS					
Interest paid		0	(3)	0	0
Dividend paid to non-controlling interests		(7)	(1,017)	0	0
Dividend paid		(6,791)	(6,791)	(6,791)	(6,791)
Withdrawal of deposits with licensed banks pledged as security		445	21	0	0
Deposits with licensed banks pledged as security		0	(568)	(8)	(555)
Financing cash flows used in continuing operations		(6,353)	(8,358)	(6,799)	(7,346)
Financing cash flows used in discontinued operations		0	(240)	0	0
Net financing cash flows		(6,353)	(8,598)	(6,799)	(7,346)
Net change in cash and cash equivalents during the financial year		(13,332)	6,967	(1,234)	(2,378)
Cash and cash equivalents at the beginning of the financial year		58,579	51,612	4,357	6,735
Cash and cash equivalents at the end of the financial year	31	45,247	58,579	3,123	4,357

*** Significant non-cash transaction**

1,088,600 RPS were subscribed for a total consideration of RM108,860,000 of which RM108,621,618 was settled by setting off against amount due from subsidiaries to fund their working capital as disclosed in Note 16 to the financial statements.

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

1 General information

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group consist primarily of property development, oil palm cultivation and investment holding. There have been no significant changes in the nature of these activities during the financial year, except for the discontinuance of manufacturing operations as disclosed in Note 22 to the financial statements and that a subsidiary commenced its hotel operations during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Securities. The Company's registered office and principal place of business are as follows:

Registered office:
Lot 6.05, Level 6, KPMG Tower
8 First Avenue Bandar Utama
47800 Petaling Jaya
Selangor

Principal place of business:
2nd Floor, Wisma OIB
1 & 2 Jalan Bank
08000 Sungai Petani
Kedah Darul Aman

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 September 2013.

2 Summary of significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the requirements of the Companies Act, 1965 and Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. In the next financial year, the Group will continue to apply FRS. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") from financial year beginning on 1 July 2015. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

The financial statements have been prepared under the historical cost convention, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are applicable and effective

The new accounting standards, amendments and improvements to published standards and interpretations that are applicable and effective for the Group and Company's financial year beginning on or after 1 July 2012 are as follows:

- FRS 139 'Financial instruments: Recognition and measurement'
- Revised FRS 124 'Related party disclosures'
- Amendments to FRS 112 'Income taxes'
- Amendments to FRS 7 'Financial instruments: Disclosures on transfers of financial assets'
- Amendment to FRS 101 'Presentation of items of other comprehensive income'

The adoption of the above accounting standards, amendments and improvements to published standards and interpretations does not have any material impact on the financial statements of the Group and Company.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective

There are no FRSs or interpretations to existing standards that are applicable but not yet effective that would be expected to have a material impact on the Group and Company.

2.2 Economic entities in the Group

(a) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at the end of financial reporting period. Subsidiaries are those entities which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. The results of all subsidiaries are consolidated using the acquisition method of accounting except for the consolidation of certain subsidiaries (as disclosed in Note 16) prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time. The Group has taken advantage of the transitional provision provided by MASB 21, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these standards.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(a) Subsidiaries (continued)

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

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

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

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

Changes in the Group's ownership interest in a subsidiary company which does not result in a loss of control are treated as transactions between equity holders and are reported in equity. If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as non-distributable merger reserve. Any resulting debit difference is adjusted against suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. This may indicate an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in profit or loss attributable to the parent.

2 Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(b) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of minority interests are also recognised in equity.

(c) Associates

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

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in an associate includes goodwill identified on acquisition, net of any accumulated impairment loss. See accounting policy Note 2.6 on impairment of non-financial assets.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses are recognised in profit or loss.

For incremental interest in an associate, the date of acquisition is purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified.

2 Summary of significant accounting policies (continued)

2.3 Property, plant and equipment and depreciation

Property, plant and equipment are initially stated at cost. Certain land and buildings are stated at revalued amounts, based on valuations by external independent valuers or as assessed by Directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other assets are stated at their carrying amounts, which are cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to other comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life and leasehold land is depreciated in equal instalments over the periods of the respective leases that range from 38 to 86 years. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives. The annual depreciation rates are as follows:

	%
Buildings	2
Estate infrastructure	5
Factory buildings	2 - 10
Plantation equipment	10
Furniture and fittings	10 - 20
Office equipment	10 - 50
Electrical installation	10
Plant and machinery	5 - 20
Motor vehicles	10 - 20
Site equipment	10 - 20
Office renovations	10
Others	10-50

Others comprise of mainly linen, crockery and general equipment.

Depreciation on capital work in progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. The Group carries out assessment on residual values and useful lives of assets on an annual basis. There was no adjustment arising from the assessment performed in the financial year.

2 Summary of significant accounting policies (continued)

2.3 Property, plant and equipment and depreciation (continued)

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Borrowing costs are capitalised in accordance with accounting policy Note 2.15. All other borrowing costs are charged to profit or loss.

The freehold land, building and factory building have not been revalued since the financial year ended 30 June 1995. The Directors have adopted the transitional provisions of International Accounting Standard 16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board to retain the carrying amount of these revalued land and buildings on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

The leasehold land were last revalued by the Directors during the financial year ended 30 June 1994 based on the open market value basis and approved by the Securities Commission. The Directors have adopted the transitional provision of FRS 117 Leases as allowed for by the Malaysian Accounting Standards Board to retain the unamortised revalued amount as the surrogate amount of leasehold land.

2.4 Investment properties

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Freehold land is not depreciated as it has an infinite life. Other categories of investment properties are depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives. The annual depreciation rate for buildings is 2%.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

Depreciation on capital work in progress commences when the assets are ready for their intended use.

2 Summary of significant accounting policies (continued)

2.5 Investments

In the Company's separate financial statements, investments in subsidiaries and in an associate are carried at cost less accumulated impairment losses.

On disposal of investments in subsidiaries and associate, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). For goodwill, it is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.7 Biological assets

Biological assets comprise new planting expenditure (incurred from land clearing to the point of harvesting) and replanting expenditure (incurred in replanting old planted areas) for oil palm cultivation. Such expenditure is capitalised and are amortised on the straight-line basis over the estimated economic useful lives of rootstocks of 20 years, or over the period of the lease, whichever is shorter, commencing from the year of maturity of the crop.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined principally on the weighted average basis. Cost of raw materials and consumables comprises all costs of purchases and other costs in bringing the inventories to their present locations and conditions. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Plantation supplies are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

2 Summary of significant accounting policies (continued)

2.8 Inventories (continued)

The cost of developed properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.9 Construction contracts

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

Construction contracts are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by using the stage of completion method.

The stage of completion for each project is measured by a certificate issued by an architect based on the physical completion of the work performed in proportion to the total contract work.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

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

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on construction contracts under receivables, deposits and prepayments (within current assets). Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under payables (within current liabilities).

2.10 Property development activities

(a) Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

Land held for property development including its related expenditure is transferred to property development costs (within current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle of 2 to 4 years.

Borrowing costs are capitalised in accordance with Note 2.15.

2 Summary of significant accounting policies (continued)

2.10 Property development activities (continued)

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land including landowners' entitlement (where applicable) and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses in respect of development units sold are recognised by using the stage of completion method. The stage of completion is based on a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development.

When the 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; property development costs on the development unit sold are recognised as an expense when incurred.

Irrespective whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

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

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

Borrowing costs are capitalised in accordance with Note 2.15.

2.11 Advances to subsidiary companies

Advances to certain subsidiary companies as determined by the Directors are non-trade in nature, unsecured, interest free and do not have a fixed term of repayments are treated as a long term source of capital to the subsidiaries. The initial value of the advances is accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

2.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Fixed deposits held on lien for bank guarantee facilities are not treated as part of the component of cash and cash equivalents as they are not readily available for use by the Group.

2.13 Share capital

Ordinary shares with discretionary dividends are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument is charged directly to equity.

2.14 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Dividends proposed after reporting date but before the financial statements are authorised for issue are not recognised as a liability at reporting date.

2 Summary of significant accounting policies (continued)

2.15 Borrowing costs

Borrowing costs incurred to finance property development activities are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of interest on borrowing costs will cease when development projects are ready for sale or ready for its intended use.

2.16 Income tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amount in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

Deferred tax is recognised on temporary differences on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.17 Employee benefits

(a) Short term employee benefits

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Subsidiaries incorporated in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 Summary of significant accounting policies (continued)

2.17 Employee benefits (continued)

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when, and only when, it is demonstrably committed to either terminate the employment of an employee or group of employees according to a detailed formal plan which is without realistic possibility of withdrawal or which provides termination benefits as a result of an offer made in order to encourage voluntary redundancy.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Contingent liabilities and contingent assets

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

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition (continued)

Revenue earned by the Group and Company are recognised on the following basis:

- Revenue from property development is recognised on the percentage of completion method. The stage of completion for each project is measured by a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development. Anticipated losses are recognised in full immediately in profit or loss.
- Revenue from sale of land and developed properties are recognised upon transfer of significant risks and rewards of ownership to the purchasers.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.
- Management fees are recognised on the accrual basis.
- Revenue from the manufacture of furniture and rubberwood related products is recognised upon delivery of goods, net of sales tax and discounts.
- Revenue from oil palm cultivation is recognised upon delivery of goods.
- Rental income is recognised on accrual basis.
- Income from hotel operations is recognised at the point at which the accommodation and related services are provided.

2.21 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company and all its subsidiaries.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The principal closing rate used in the translation of the currency amounts is as follow:

Foreign currency

	2013 RM	2012 RM
1 US Dollar	**N/A**	3.1895

2 Summary of significant accounting policies (continued)

2.22 Financial instruments

(a) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial asset

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes 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.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group and Company's loans and receivables comprise trade and other receivables, amounts due from related companies and cash and cash equivalents in the statements of financial position.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(iii) Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Financial assets categorised as held-to-maturity are subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

2.22 Financial instruments (continued)

(a) Description (continued)

Financial asset (continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting date.

Subsequent to initial recognition, available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment loss and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Investment in unquoted equity instruments which are classified as available-for-sale and whose fair value cannot be reliably measured are measured at cost. These investments are assessed for impairment at each reporting date.

Financial liability

A financial liability is any liability that is contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

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

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

The Group classifies its financial liabilities as “other financial liabilities”. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

(i) Other financial liabilities

Other financial liabilities of the Group are trade and other payables and bank overdrafts in the statements of financial position.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the other financial liabilities are derecognised, and through the amortisation process.

Other financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

2 Summary of significant accounting policies (continued)

2.22 Financial instruments (continued)

(a) Description (continued)

Financial liability (continued)

(ii) Financial Guarantee Contracts

The Company has issued corporate guarantee to banks for facilities granted to its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to repay when due in accordance with the terms of their facilities.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

(b) Impairment of financial assets

The Group assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the debtors;
- A breach of contract, such as default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

In a subsequent period, if 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.

2 Summary of significant accounting policies (continued)

2.22 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Assets classified as available-for-sale

For debt securities, the Group uses the criteria of impairment loss applicable for "assets carried at amortised cost" above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

Impairment losses recognised in profit or loss for an equity instrument classified as available-for-sale are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

(c) Financial instruments recognised on the statements of financial position

The particular recognition method adopted for financial instruments recognised on the statements of financial position is disclosed in the individual accounting policy statements associated with each item.

(d) Fair value estimation for disclosure purposes

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate for each type of the financial liabilities of the Group.

The face values for financial assets (less any estimated credit adjustments) and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of the Group. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.24 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(i) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2 Summary of significant accounting policies (continued)

2.24 Leases (continued)

(i) Finance leases (continued)

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

3 Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

(a) Property development

The Group recognises property development revenue based on stage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of work-to-date.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs. In making the judgement, the Group relies on past experience and the work of specialists. The carrying value of the Group's property development projects is shown in Note 19.

(b) (i) Inventories write down of Property Development Division

Inventories are stated at lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses. The carrying value of the Group’s inventories for Property Development Division (i.e. developed properties) is shown in Note 20 to the financial statements.

(ii) Inventories write down of Manufacturing Division/Cahajaya Group*

The Group has reviewed the inventories of Manufacturing Division/Cahajaya Group as at 30 June 2012 to be stated at lower of cost and net realisable value. Net realisable value is determined by the Directors based on forced sale value determined by an independent valuer and recent transacted sales as disclosed in Note 20 to the financial statements.

* Manufacturing Division/Cahajaya Group refers to Cahajaya Timber Industries Sdn Bhd (“Cahajaya”) and two of its wholly-owned subsidiaries, i.e. Patriot Furniture Sdn Bhd and Guar Timber Industries Sdn Bhd.

3 Critical accounting estimates and judgements (continued)

(c) (i) Impairment of property, plant and equipment and investments of Property Development Division

The Group made a reversal of impairment loss on two pieces of leasehold land of the Property Development Division based on Directors' valuation as at 30 June 2013 using the comparative method by reference to recent sales of similar properties in the vicinity as determined by an independent valuer as disclosed in Note 12(b) to the financial statements.

(ii) Impairment of plant, machinery and equipment of Manufacturing Division/Cahajaya Group

The Group made a reversal of impairment loss on plant, machinery and equipment of Manufacturing Division/Cahajaya Group as at 30 June 2012 valued by the Directors based on forced sale value as determined by an independent valuer as disclosed in Note 12(c) to the financial statements.

(d) Income taxes

The Group is subject to Malaysia income taxes. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(e) Impairment of investments in subsidiaries

The Company assesses whether investments in subsidiaries are impaired whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, i.e. the carrying amount of the assets is more than the recoverable amount. Recoverable amount is 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 flows derived from the asset discounted at an appropriate discount rate. Significant judgement is required in estimating the cash flows and the discount rate used. The Directors of the Company have assessed the Company's investment in Cahajaya Group and believe that no impairment is required to write down the Company's investment in Cahajaya Group as the recoverable amounts of the assets of these subsidiaries are expected to exceed their respective carrying amounts.

4 Financial risk management objectives and policies

4.1 Financial risk factors

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign currency exchange, interest rate, price, credit, liquidity and cash flows risks. Financial risk management is carried out through risk reviews and internal control systems. The management regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

4 Financial risk management objectives and policies (continued)

4.1 Financial risk factors (continued)

Property Development Division

(a) Interest rate risk

The Group's exposure to the risk of changes in interest rates mainly arises from floating rate terms and deposits with banks and financial institutions.

The Group controls and monitors closely its cash flows to ensure that the interest rates are always maintained at favourable rates.

(b) Price risk

The Group's principal exposure to price risk mainly arises from the state of the domestic property markets.

The Group manages its exposure to adverse fluctuation in property value by obtaining all the necessary information before investing in property and by the continuously monitoring of the state of the property market. The Group optimises its return on realisation by managing its decision to dispose or hold, continue or postpone development of these properties based on the current and expected future trend of the property market. For property development activities to sustain, preservation of land bank is of utmost importance for future development and the Group actively pursues the continuous purchase of land and joint ventures with landowners at strategic locations.

Developed properties will be written down when there is indication of adverse changes in their fair values. Reversals are taken to profit or loss immediately to the extent of the amounts previously written down when the adverse conditions which led to the write down cease to exist.

(c) Credit risk

The Group controls credit risks by assessing all the relevant information obtained and also via monitoring procedures to ensure that the sales of products and services rendered are made to customers with an appropriate credit history. The exposure to credit risk is monitored on an ongoing basis and on a case-by-case basis. At reporting date, there was no significant concentration of credit risk.

Cash and fixed deposits are placed with financial institutions in Malaysia which are regulated, reputable and have high credit ratings (credit profile ratings of A and above).

(d) Liquidity and cash flows risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

4 Financial risk management objectives and policies (continued)

4.1 Financial risk factors (continued)
Property Development Division (continued)

The table below analyses the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM'000	Between 1 year and 2 years RM'000	Between 2 years and 3 years RM'000	Between 3 years and 4 years RM'000
The Group				
At 30 June 2013				
Trade and other payables*	20,373	1,235	1,407	923
At 30 June 2012				
Trade and other payables *	23,483	918	1,417	428
The Company				
At 30 June 2013				
Trade and other payables *	248	0	0	0
Financial guarantee contracts	94	0	0	0
At 30 June 2012				
Trade and other payables *	255	0	0	0
Financial guarantee contracts	133	0	0	0

* Included in trade and other payables are subcontractors' retention sums which are expected to be settled within the Group's normal operating cycle of 2 to 4 years.

Oil Palm Division

(a) Price risk

The Group is exposed to commodity price fluctuations on crude palm oil prices arising from unpredictable factors such as weather, change of global demand, global production and prices. To mitigate some of these risks, the Group always keeps abreast with the latest development on global supply and demand for the oils market and takes proactive measures to maximise production and operational efficiencies.

(b) Credit risk

The Group's normal credit term of trade receivables is 7 days and based on the Group's historical experiences, collection of outstanding receivables normally fall within the credit period. For trade receivables, the Group adopts a policy of dealing with customers of appropriate credit history and the receivables balances are monitored on an ongoing basis that the Group's bad debts is not significant. As such, the Group believes that although a large portion of sales is concentrated to a particular customer, there is no significant risk inherent in the Group's receivables.

Cash and fixed deposits are placed with financial institutions in Malaysia which are regulated, reputable and have high credit ratings (credit profile ratings of A and above).

4 Financial risk management objectives and policies (continued)

4.1 Financial risk factors (continued)
Oil Palm Division (continued)

(c) Liquidity and cash flow risk
The Group maintains sufficient cash and cash equivalents by closely monitoring its cash flows to meet its working capital requirements. The Group adopts prudent liquidity risk management policies in maintaining credit facilities and aims at maintaining flexibility in funding by keeping adequate banking facilities with different licensed banks.

At reporting date, the financial liabilities of the Oil Palm Division of the Group have maturity of less than a year.

Hotel Division
(a) Liquidity and cash flow risk
The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

At reporting date, the financial liabilities of the hotel division of the Group have maturity of less than a year.

(b) Credit risk
The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. To achieve this, the Group operate its business on a non-credit basis. Cash at bank are placed with financial institutions which are regulated.

Cash are placed with financial institutions in Malaysia which are regulated, reputable and have high credit ratings (profile ratings of AAA).

4.2 Fair value estimation
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been identified as follows:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs others than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that is not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group and Company's financial assets that are measured at fair value:

Group and Company	2013 RM'000
Available-for-sale financial assets (Level 2)	10,978

The Group and the Company do not have any financial assets that are measured at fair value which are categorised at Level 1 and Level 3. The Group and the Company do not have any financial liabilities that are fair valued.

As at 30 June 2012, there are no financial assets and financial liabilities carried at fair value.

4 Financial risk management objectives and policies (continued)

4.3 Capital risk management

The Group's objectives when managing capital is to ensure that an optimal capital structure is maintained to sustain future development of business and to provide fair returns for shareholders and benefits for other stakeholders.

In order to maintain an optimal capital structure, the Group may, from time to time, adjust the dividend payout to owners of the parent, return capital to owners of the parent, issue new shares, redeem debts or sell assets to reduce debts, where necessary. The Group's approach on managing capital is based on directives which have been approved by the Board of Directors.

5 Revenue

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Property development revenue based on stage of completion	**78,167**	81,388	**0**	0
Sales of developed properties	**1,369**	3,139	**0**	0
Sales of vacant land	**814**	8,576	**0**	0
Sales of fresh fruit bunches of oil palm	**2,909**	3,847	**0**	0
Income from hotel operations	**436**	0	**0**	0
Dividend income	**0**	0	**2,659**	3,425
Management fees	**0**	0	**52**	73
	83,695	96,950	**2,711**	3,498

6 Finance cost

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Interest expense	**0**	3	**0**	0

7 Employee benefits cost

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing operations:				
Wages, salaries and bonuses	**6,427**	6,206	**0**	0
Contributions to defined contribution retirement plan	**764**	720	**0**	0
Other employee benefits	**573**	362	**0**	0
	7,764	7,288	**0**	0
Discontinued operations:				
Wages, salaries and bonuses	**41**	1,552	**0**	0
Contributions to defined contribution retirement plan	**17**	127	**0**	0
Other employee benefits	**0**	151	**0**	0
Compensation on notice period	**135**	0	**0**	0
Termination benefits	**343**	0	**0**	0
	536	1,830	**0**	0
	8,300	9,118	**0**	0

8 Directors' remuneration

The Directors of the Company in office during the financial year are as follows:

Non-Executive Directors
Tuan Haji Ahmad Bin Abdul Rashid
Goh Chooi Eam
Aswandi Bin Mohamed Hashim

Executive Directors
Dato' Wira Haji Thobrani Bin Haji Hanafi
Goh Aik Keong
Hazman Bin Thobrani
Khaw Eng Peng

8 Directors' remuneration (continued)

The aggregate amount of emoluments receivable by Directors of the Company during the financial year is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-Executive Directors:				
- Fees receivable	90	90	90	90
- Allowances	33	33	33	33
Executive Directors:				
- Fees receivable	100	100	100	100
- Salaries and bonuses	2,056	1,937	0	0
- Contributions to defined contribution retirement plan	247	224	0	0
- Allowances	23	19	23	19
	2,549	2,403	246	242
Estimated monetary value of benefits otherwise than in cash	104	134	0	0
	2,653	2,537	246	242

9 Profit before taxation

(a) The following amounts have been charged in arriving at the profit before taxation from continuing operations:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amortisation of biological assets	52	32	0	0
Advertisement expenses	1,594	1,224	7	7
Allowance for impairment of receivables	190	182	0	0
Auditors' remuneration:				
- statutory audit (current year)	232	153	41	32
- statutory audit (prior year)	133	42	11	42
- other services	54	36	4	4
Consultant costs	1,437	1,158	0	0
Cost of vacant land sold	223	4,232	0	0
Cost of developed properties sold	1,011	2,045	0	0
Development contribution and processing fees	1,218	913	0	0
Depreciation				
- property, plant and equipment	958	731	0	0
- investment properties	82	82	0	0
Employee benefits cost	7,764	7,288	0	0
Expenditure for oil palm operations	1,081	842	0	0
General maintenance of completed projects	1,151	432	0	0
Hire of plant and machinery	608	606	0	0

9 Profit before taxation (continued)

(a) The following amounts have been charged in arriving at the profit before taxation from continuing operations: (continued)

	Group		Company	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Property, plant and equipment written off	**5**	2	**0**	0
Raw materials and consumables used	**19,704**	18,859	**0**	0
Rental expenses of land and buildings	**151**	116	**0**	0
Sub-contract costs	**27,380**	24,678	**0**	0
Impairment charge on investment in subsidiaries	**0**	0	**60**	0
Utilities	**171**	128	**0**	0
Upkeep, repairs and maintenance of assets	**186**	217	**0**	0
Loss on disposal of property, plant and equipment	**3**	0	**0**	0

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM126,000 (2012: RM130,000).

Property development costs of the Group recognised as an expense during the financial year amounted to RM58,881,000 (2012: RM59,339,000).

(b) The following amounts have been credited in arriving at the profit before taxation from continuing operations:

	Group		Company	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Rental income	**502**	638	**0**	0
Interest income	**1,176**	1,696	**69**	148
Gross dividend income from subsidiaries (unquoted)	**0**	0	**2,659**	3,425
Write back of allowance for impairment of receivables	**376**	884	**0**	0
Reversal of impairment loss on property, plant and equipment in respect of continuing operations	**905**	0	**0**	0
Gain arising from loss of control of subsidiaries	**168**	0	**0**	0

10 Taxation

	Group		Company	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Continuing operations:				
In respect of current financial year:				
- Malaysian income tax	**1,940**	5,175	**585**	800
- Deferred taxation	**696**	74	**0**	0
In respect of prior financial year:				
- Malaysian income tax	**(275)**	(98)	**(5)**	(44)
	2,361	5,151	**580**	756

10 Taxation (continued)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax:				
Current financial year	1,940	5,175	585	800
Overaccrual in prior financial year	(275)	(98)	(5)	(44)
Deferred tax:				
Origination and reversal of temporary differences	696	74	0	0
	2,361	5,151	580	756
Discontinued operations:				
In respect of prior financial year:				
- Malaysian income tax	0	188	0	0
	0	188	0	0
Current tax:				
Underaccrual in prior financial year	0	188	0	0
	0	188	0	0

The reconciliations of income tax expense applicable to profit before taxation of continuing operations at the Malaysian income tax rate to taxation charge at the average effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Numerical reconciliation between the average effective tax rate and the Malaysian income tax rate				
Malaysian income tax rate	25.0	25.0	25.0	25.0
Tax effects of:				
- Expenses that are not tax deductible	4.5	2.9	4.6	8.3
- Temporary differences not recognised	3.4	0.3	0.0	0.0
- Group relief on utilisation of tax losses	(2.1)	(1.1)	0.0	0.0
- Others	(2.7)	(1.7)	0.1	0.0
Average effective tax rate for the financial year	28.1	25.4	29.7	33.3
Overaccrual of Malaysian income tax in respect of prior financial year	(2.9)	(0.5)	(0.3)	0.0
	25.2	24.9	29.4	33.3

10 Taxation (continued)

The Group has, subject to confirmation by the Inland Revenue Board, the following carry forward tax balances:

	Group	
	2013 RM'000	2012 RM'000
Tax losses carried forward	5,152	6,154
Unutilised capital allowances	802	304

11 Earnings/(loss) per share

Group

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the net profit/(loss) attributable to owners of the parent for the financial year by the weighted average number of ordinary shares in issue during the financial year:

	2013	2012
Net profit attributable to owners of the parent (RM'000)		
- continuing operations	4,847	10,840
- discontinued operations	(1,035)	(1,772)
	3,812	9,068
Weighted average number of ordinary shares in issue ('000)	90,545	90,545
Basic earnings/(loss) per share (sen)		
- from continuing operations	5.35	11.97
- from discontinued operations	(1.14)	(1.96)
	4.21	10.01

During the financial year ended 30 June 2013, diluted earnings per share is not applicable for the Group as there are no potential dilutive ordinary shares.

11 Earnings/(loss) per share (continued)

Group

(b) Diluted earnings per share (2012 only)

The Company's Employee Shares Option Scheme ("ESOS") was in existence during the financial year ended 30 June 2012 and has since lapsed on 23 November 2011. In respect of the diluted earnings/(loss) per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group only has one category of dilutive potential ordinary shares which is the share options granted to its employees.

For the share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares during the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit/(loss) attributable to owners of the parent for the share options calculations.

	2012
Net profit attributable to owners of the parent (RM'000)	
- continuing operations	10,840
- discontinued operations	(1,772)
	9,068
Weighted average number of ordinary shares in issue ('000)	90,545
Adjustment for share options ('000)	0*
	90,545
Diluted earnings per share (sen)	
- continuing operations	11.97
- discontinued operations	(1.96)
	10.01

* No "unpurchased" shares to be added to the ordinary shares outstanding as the average share price of the Company for the financial year ended 30 June 2012 has been below the share options' exercise price.

12 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group

2013	Land and buildings, at cost/ valuation RM'000	Estate infrastructure at cost RM'000	Plantation equipment, at cost RM'000	Furniture and fittings, office equipment and electrical installation, at cost RM'000	Plant and machinery, at cost RM'000	Motor vehicles, at cost RM'000	Site equipment, at cost RM'000	Office renovations, at cost RM'000	Capital work in progress RM'000	Total RM'000
Carrying value										
At 1 July 2012	55,402	510	5	617	719	2,210	19	59	43	59,584
Additions	0	0	0	910	0	547	1	105	52	1,615
Disposals	0	0	0	0	0	(89)	0	0	0	(89)
Write offs	0	0	0	(5)	0	0	0	0	0	(5)
Depreciation	(372)	(41)	(1)	(219)	0	(372)	(6)	(18)	0	(1,029)
Reversal of impairment loss	905	0	0	0	0	0	0	0	0	905
Loss of control of subsidiaries	(7,992)	0	0	(276)	(719)	(150)	0	0	0	(9,137)
Transfer from land held for property development	1,588	0	0	0	0	0	0	0	257	1,845
Transfer from developed properties	8,940	0	0	0	0	0	0	0	0	8,940
Reclassification	174	0	0	0	0	0	0	0	(174)	0
At 30 June 2013	58,645	469	4	1,027	0	2,146	14	146	178	62,629
At 30 June 2013										
Cost/Valuation	62,134	822	99	2,717	0	5,128	79	292	178	71,449
Accumulated depreciation	(2,056)	(353)	(95)	(1,690)	0	(2,982)	(65)	(146)	0	(7,387)
Accumulated impairment loss	(1,433)	0	0	0	0	0	0	0	0	(1,433)
Carrying value	58,645	469	4	1,027	0	2,146	14	146	178	62,629

12 Property, plant and equipment (continued)

The details of property, plant and equipment are as follows:

Group

The land and buildings of the Group comprise:

2013	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Leasehold land, at cost RM'000	Freehold oil palm plantation land, at cost RM'000	Buildings, at cost RM'000	Factory buildings, at cost RM'000	Factory building, at valuation RM'000	Total RM'000
Carrying value								
At 1 July 2012	1,324	13,310	14,052	20,351	2,883	511	2,971	55,402
Depreciation	0	0	(163)	0	(209)	0	0	(372)
Reversal of impairment loss	0	0	905	0	0	0	0	905
Loss of control of subsidiaries	0	0	(2,765)	0	(1,745)	(511)	(2,971)	(7,992)
Transfer from land held for property development	1,588	0	0	0	0	0	0	1,588
Transfer from developed properties	214	0	0	0	8,726	0	0	8,940
Reclassification	174	0	0	0	0	0	0	174
At 30 June 2013	3,300	13,310	12,029	20,351	9,655	0	0	58,645
At 30 June 2013								
Cost/Valuation	3,300	13,310	14,752	20,351	10,421	0	0	62,134
Accumulated depreciation	0	0	(1,290)	0	(766)	0	0	(2,056)
Accumulated impairment loss	0	0	(1,433)	0	0	0	0	(1,433)
Carrying value	3,300	13,310	12,029	20,351	9,655	0	0	58,645

12 Property, plant and equipment (continued)

The details of property, plant and equipment are as follows:

Group

2012	Land and buildings, at cost/ valuation RM'000	Estate infrastructure at cost RM'000	Plantation equipment, at cost RM'000	Furniture and fittings, office equipment and electrical installation, at cost RM'000	Plant and machinery, at cost RM'000	Motor vehicles, at cost RM'000	Site equipment, at cost RM'000	Office renovations, at cost RM'000	Capital work in progress RM'000	Total RM'000
Carrying value										
At 1 July 2011	55,865	551	4	414	1,500	2,503	8	74	41	60,960
Additions	0	4	3	71	0	107	15	0	2	202
Write off	0	0	0	(2)	0	0	0	0	0	(2)
Depreciation	(463)	(45)	(2)	(224)	(1,545)	(400)	(4)	(15)	0	(2,698)
Reversal of impairment loss	0	0	0	358	764	0	0	0	0	1,122
At 30 June 2012	55,402	510	5	617	719	2,210	19	59	43	59,584
At 30 June 2012										
Cost/Valuation	62,888	822	99	3,649	25,633	6,083	77	188	43	99,482
Accumulated depreciation	(5,148)	(312)	(94)	(3,032)	(20,831)	(3,855)	(58)	(129)	0	(33,459)
Accumulated impairment loss	(2,338)	0	0	0	(4,083)	(18)	0	0	0	(6,439)
Carrying value	55,402	510	5	617	719	2,210	19	59	43	59,584

The land and buildings of the Group comprise:

2012	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Leasehold land, at cost RM'000	Freehold oil palm plantation land, at cost RM'000	Buildings, at cost RM'000	Factory buildings, at cost RM'000	Factory building, at valuation RM'000	Total RM'000
Carrying value								
At 1 July 2011	1,324	13,310	14,294	20,351	3,001	534	3,051	55,865
Additions	0	0	0	0	0	0	0	0
Depreciation	0	0	(242)	0	(118)	(23)	(80)	(463)
At 30 June 2012	1,324	13,310	14,052	20,351	2,883	511	2,971	55,402
At 30 June 2012								
Cost/Valuation	1,324	13,310	18,492	20,351	4,050	861	4,500	62,888
Accumulated depreciation	0	0	(2,102)	0	(1,167)	(350)	(1,529)	(5,148)
Accumulated impairment loss	0	0	(2,338)	0	0	0	0	(2,338)
Carrying value	1,324	13,310	14,052	20,351	2,883	511	2,971	55,402

(a) Certain freehold land, building and factory building were revalued by the Directors during the financial year ended 30 June 1995 based on the open market value basis and approved by the Securities Commission. The leasehold land were last revalued by the Directors during the financial year ended 30 June 1994 based on the open market value basis and approved by the Securities Commission.

The carrying value of freehold land, building and factory building at valuation that would otherwise be stated in the financial statements had the assets been carried at cost less accumulated depreciation amounted to RM1,436,000 (2012: RM2,768,000).

12 Property, plant and equipment (continued)

Group

(b) During the financial year ended 30 June 2013, the Group made a reversal of impairment loss on two pieces of leasehold land of the property development division based on Directors' valuation as at 30 June 2013 using the comparative method by reference to recent sales of similar properties in the vicinity as determined by an independent valuer.

(c) During the previous financial year ended 30 June 2012, the Cahajaya Group reversed its impairment loss on "Plant and machinery" and "Furniture, fittings, office equipment and electrical installation" amounting to RM1,122,000 to profit or loss as their estimated recoverable amounts as at 30 June 2012 were higher than their carrying amounts. The estimated recoverable amounts were arrived at by the Directors at RM993,000 based on the valuation determined by an independent valuer using the forced sale basis.

13 Land held for property development

Group

	2013 RM'000	2012 RM'000
At 1 July 2012/2011		
Freehold land, at cost	23,691	13,990
Leasehold land, at cost	700	700
Related costs	13,843	1,817
	38,234	16,507
Add: Movements in land		
- transfer from/(to) property development costs (Note 19)		
- freehold land	447	9,710
- leasehold land	(700)	0
- transfer to property, plant and equipment- freehold land (Note 12)	(1,588)	0
- disposal of freehold land	(7)	(9)
	(1,848)	9,701
Add: Movements in related costs		
- additions	1,028	76
- transfer (to)/from property development costs (Note 19)	(1,158)	11,950
- transfer to property, plant and equipment (Note 12)	(257)	0
- disposal of freehold land	(12)	0
	(399)	12,026
At 30 June	35,987	38,234

	2013 RM'000	2012 RM'000
At 30 June		
Freehold land, at cost	22,543	23,691
Leasehold land, at cost	0	700
Related costs	13,444	13,843
	35,987	38,234

14 Investment properties

Group

	2013 RM'000	2012 RM'000
Carrying value		
At 1 July 2012/2011	3,677	4,001
Additions	78	5
Transfer to property development costs	0	(247)
Depreciation	(82)	(82)
At 30 June	3,673	3,677
At 30 June		
Cost	4,975	4,897
Accumulated depreciation	(1,302)	(1,220)
Carrying value	3,673	3,677

The fair value of the investment properties is estimated at RM10,965,000 (2012: RM6,307,000) based on valuation by the Directors based on current market prices and conditions existing at each reporting date.

Included in investment properties is work in progress amounting to RM730,000 (2012: RM652,000) of which depreciation will only commence when the asset is ready for its intended use.

15 Biological assets

Group

	2013 RM'000	2012 RM'000
Carrying value		
At 1 July 2012/2011	794	668
Additions	0	158
Amortisation	(52)	(32)
At 30 June	742	794
At 30 June		
Cost	1,037	1,037
Accumulated amortisation	(295)	(243)
Carrying value	742	794

16 Interest in subsidiaries

The subsidiaries which are all incorporated in Malaysia are:

Name of company	Effective interest in equity Held by the Company 2013 %	2012 %	Held through subsidiary 2013 %	2012 %	Principal activities
Brilliant Development Sdn Bhd#	**100**	100	**0**	0	Property development and oil palm cultivation
Semua Jadi Sdn Bhd#*	**100**	100	**0**	0	Property development and general construction
Pesaka Saujana Development Sdn Bhd#*	**100**	100	**0**	0	Property development
OIB Foods & Beverages Sdn Bhd*	**100**	100	**0**	0	Investment holding and hotel operation
Brilliant Alliance Sdn Bhd	**70**	70	**0**	0	Investment holding
Brilliant Delta (M) Sdn Bhd	**51**	51	**0**	0	Property development and oil palm cultivation
Aturan Cemerlang Sdn Bhd	**51**	51	**0**	0	Investment holding
Sungei Lalang Development Sdn Bhd*	**0**	0	**100**	100	Property development
Pesaka Saujana (M) Sdn Bhd*	**0**	0	**100**	100	Property development and oil palm cultivation
Maxilux Properties Sdn Bhd	**0**	0	**100**	100	Property development
Teguh Padu Development Sdn Bhd*	**0**	0	**100**	100	Property development
OIB Recipe Sdn Bhd*	**0**	0	**100**	100	Dormant
OIB Confectionery Sdn Bhd*	**0**	0	**100**	100	Dormant
Yiked Alliance Sdn Bhd	**0**	0	**56**	56	Property development
Central Kedah Brick Kiln Sdn Berhad	**0**	0	**51**	51	Property development
Yiked Brilliant Sdn Bhd	**0**	0	**41**	41	Property development
Cahajaya Group					
Cahajaya Timber Industries Sdn Bhd# (In member's voluntary winding up)	**100**	100	**0**	0	Manufacture of kiln dried rubberwood, sawn timber, solid doors and moulded wood products. See Note 22.
Patriot Furniture Sdn Bhd# (In member's voluntary winding up)	**0**	0	**100**	100	Manufacture and sales of wooden furniture, wooden furniture parts, and parquet. See Note 22.
Guar Timber Industries Sdn Bhd# (In member's voluntary winding up)	**0**	0	**100**	100	Dormant. See Note 22.

These subsidiaries are consolidated using the merger method of accounting.

* On 25 February 2013, the Company subcribed in aggregate 1,088,600 Redeemable Preference Shares ("RPS") which is non- cumulative and non-convertible of RM1.00 nominal value with share premium of RM99.00 each per share amounting to RM108,860,000 in the share capital of certain wholly owned subsidiary companies of the Company of which RM108,621,618 was settled by setting off against the amounts due from these subsidiaries to fund their working capital. The remaining balance of RM238,382 was paid to the respective subsidiaries during the financial year in cash.

16 Interest in subsidiaries (continued)

Company

	2013 RM'000	2012 RM'000
Unquoted shares, at cost		
Ordinary shares	97,257	106,566
Impairment losses	(2,652)	(2,652)
	94,605	103,914
RPS	108,860	0
Impairment losses	(60)	0
	108,800	0
	203,405	103,914
Amounts due from subsidiaries:		
Semua Jadi Sdn Bhd	0	44,775
Pesaka Saujana (M) Sdn Bhd	0	18,198
Maxilux Properties Sdn Bhd	0	2,054
Teguh Padu Development Sdn Bhd	0	22,209
Sungei Lalang Development Sdn Bhd	0	15,528
OIB Foods & Beverages Sdn Bhd	0	9
OIB Confectionery Sdn Bhd	0	9
OIB Recipe Sdn Bhd	0	9
Pesaka Saujana Development Sdn Bhd	0	10,793
	0	113,584
Interests in subsidiaries	203,405	217,498

Related company balances are all denominated in Ringgit Malaysia.

The amounts due from subsidiaries as at 30 June 2012 were classified as non-current as the Company recognised these amounts as a long term source of capital to the subsidiary companies.

17 Investment in an associate

Group

	2013 RM'000	2012 RM'000
Unquoted shares, at cost	3,149	3,149
Share of post acquisition profits	21	19
	3,170	3,168

17 Investment in an associate (continued)

Group

The Group's share of assets and liabilities of associate is as follows:

	2013 RM'000	2012 RM'000
Revenue	0	0
Profit after taxation	2	9
Non-current assets	1,795	2,716
Current assets	1,448	454
Current liabilities	(73)	(2)
Net assets	3,170	3,168

The associated company is:

Name of company	Country of incorporation	Financial year-end	Interest in equity 2013 %	Interest in equity 2012 %	Principal activity
Held by Brilliant Delta (M) Sdn Bhd:					
Prestasi Raya Sdn Bhd	Malaysia	30 June	44	44	Property development

18 Deferred taxation

Group

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	2013 RM'000	2012 RM'000
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	1,208	2,015
- Deferred tax asset to be recovered within 12 months	1,936	1,802
	3,144	3,817
Deferred tax liabilities		
- Deferred tax liability to be settled after more than 12 months	(282)	(259)
- Deferred tax liability to be settled within 12 months	(1)	(1)
	(283)	(260)
Deferred tax assets (net)	2,861	3,557

18 Deferred taxation (continued)

Group

	2013 RM'000	2012 RM'000
Movements in deferred taxation:		
At the beginning of the financial year	**3,557**	3,631
(Charged)/credited to profit or loss (Note 10):		
- Unulitised capital allowances	**89**	76
- Unrealised profits and interest	**(42)**	(405)
- Tax losses	**(369)**	298
- Provisions	**(90)**	(99)
- Property development costs	**(303)**	126
- Property, plant and equipment	**19**	(70)
	(696)	(74)
At the end of the financial year	**2,861**	3,557
Subject to income tax:		
Deferred tax assets:		
- Unrealised profits and interest	**1,547**	1,589
- Tax losses	**866**	1,235
- Provisions	**165**	255
- Property development costs	**727**	1,030
- Unutilised capital allowances	**165**	76
	3,470	4,185
Offsetting	**(326)**	(368)
	3,144	3,817
Deferred tax liabilities:		
- Property, plant and equipment	**(541)**	(560)
- Property development costs	**(68)**	(68)
	(609)	(628)
Offsetting	**326**	368
	(283)	(260)

The amounts of tax losses carried forward and unutilised capital allowances for which no deferred tax asset is recognised in the statements of financial position are as follows:

	2013 RM'000	2012 RM'000
Tax losses carried forward	**1,690**	1,214
Unutilised capital allowances	**142**	0
	1,832	1,214
Deferred tax assets not recognised at 25% (2012: 25%)	**458**	304

19 Property development costs

Group

	2013 RM'000	2012 RM'000
At 1 July 2012/2011		
Freehold land - at cost	22,950	36,255
Leasehold land - at cost	10	10
Development costs	174,127	174,750
	197,087	211,015
Add/(Less): Movements in land		
- Transfer of freehold land to land held for property development (Note 13)	(447)	(9,710)
- Transfer of leasehold land from land held for property development (Note 13)	700	0
- Disposal of freehold land	0	(1,270)
- Disposal of leasehold land	(2)	0
	251	(10,980)
Add/(Less): Movements in development costs		
- Additions	64,368	88,318
- Transfer of development costs from investment property	0	247
- Transfer of development cost from/(to) land held for property development (Note 13)	1,158	(11,950)
- Disposal of development costs	0	(2,953)
	65,526	73,662
Less: Accumulated costs charged to profit or loss		
- Prior financial years	(79,040)	(86,970)
- Current financial year	(58,881)	(59,339)
	(137,921)	(146,309)
Transfer to developed properties	(635)	(9,341)
At 30 June	124,308	118,047

	2013 RM'000	2012 RM'000
At 30 June		
Freehold land - at cost	22,503	25,275
Leasehold land - at cost	708	10
Less: Land costs in respect of completed projects	(494)	(2,105)
Less: Land costs in respect of transfers to developed properties	0	(220)
	22,717	22,960
Development costs	239,653	248,412
Less: Development costs in respect of completed projects	(34,771)	(65,164)
Less: Development costs in respect of transfers to developed properties	(635)	(9,121)
	204,247	174,127

19 Property development costs (continued)

Group

	2013 RM'000	2012 RM'000
Accumulated costs charged to profit or loss	(137,921)	(146,309)
Add: Accumulated costs charged to profit or loss in respect of completed projects	35,265	67,269
	(102,656)	(79,040)
	124,308	118,047

Included in property development costs, are cost of landowners' entitlement amounting to RM8,086,257 (2012: RM16,340,049) arising from agreements entered into between the subsidiaries and certain landowners to develop properties on land belonging to the landowners.

The following expenditure incurred during the financial year has been capitalised to property development costs:

	2013 RM'000	2012 RM'000
Depreciation	71	70
Hire of equipment	428	721

20 Inventories

Group

	2013 RM'000	2012 RM'000
At cost:		
- Developed properties	1,527	10,843
- Plantation supplies	16	26
	1,543	10,869
At net realisable value:		
- Developed properties	260	260
- Inventories of Cahajaya Group:		
- Raw materials	0	63
- Work in progress	0	1,537
- Finished goods	0	185
	260	2,045
	1,803	12,914

During the previous financial year ended 30 June 2012, the Cahajaya Group wrote down its inventories to net realisable value by approximately RM104,000 based on the recoverable amounts totalling RM1,785,000 estimated by the Directors on the bases stated below:

- Raw materials and work in progress - based on forced sale value as determined by an independent valuer.
- Finished goods - based on recent transacted sales.

Based on the sensitivity analysis, if the wood price per metric ton for the inventories had been 10% higher/lower, with all other variables held constant, the estimated recoverable amount of the inventories would have been RM160,000 higher/lower.

21 Trade and other receivables

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables	**22,696**	20,178	**0**	0
Less: allowance for impairment	**(292)**	(558)	**0**	0
	22,404	19,620	**0**	0
Other receivables	**683**	2,051	**16**	19
Less: allowance for impairment	**0**	(121)	**0**	0
	683	1,930	**16**	19
Advances to landowners	**28,974**	29,169	**0**	0
Accrued billings in respect of property development	**10,728**	7,030	**0**	0
Amounts due from subsidiaries	**0**	0	**53**	390
Amount due from Cahajaya Group	**862**	0	**862**	0
Deposits	**1,614**	1,377	**22**	22
Advances to subcontractors	**163**	181	**0**	0
Prepayments	**0**	2	**0**	0
	65,428	59,309	**953**	431

The normal credit terms of trade receivables range from 14 days to 60 days (2012: 14 days to 60 days).

Trade and other receivables are denominated in Ringgit Malaysia.

The maximum exposure to credit risk at 30 June 2013 and 2012 is the carrying value of each class of receivables mentioned above.

Advances to landowners arise when payments are made to the landowners before their entitlement crystallises in relation to the agreement entered into between the Group and the landowners to develop properties on land belonging to the landowners. The agreements state that the Group will bear all the property development cost incurred and in return the Group will be entitled to the profits from the sales of properties developed, but subject to a certain portion of the sales proceeds accruing to the landowners as their entitlement in accordance with the agreement entered into between the Group and the landowners. Advances to landowners are transferred to property development costs when development activities have commenced.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired represent substantially amounts due from customers with good collection track record with the Group. Management will continuously monitor closely the trade receivables which are past due.

21 Trade and other receivables (continued)

Receivables that are past due but not impaired

The aging analysis of the Group and Company's trade receivables which are past due but not impaired is as follows:

	Group		Company	
Number of days past due:	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000
1 to 30 days	**2,978**	2,538	**0**	0
31 to 90 days	**4,645**	3,815	**0**	0
More than 90 days	**5,152**	4,769	**0**	0
	12,775	11,122	**0**	0

Trade receivables that are past due but not impaired relate to a number of independent customers for whom there is no recent history of default and are monitored on an on-going basis.

As at 30 June 2013 and 2012, none of the other receivables were past due but not impaired.

Receivables that are impaired

As at 30 June 2013, trade receivables for the Group of RM292,000 (2012: RM558,000) and other receivables for the Group of RM Nil (2012: RM121,000) were impaired.

Movements of the allowance for impairment of trade and other receivables are as follows:

	Group	
	2013 RM'000	2012 RM'000
Trade receivables		
At 1 July 2012/2011	**558**	1,050
Impairment loss charged to profit or loss	**190**	182
Write back of allowance for impairment of receivables	**(376)**	(674)
Loss of control of subsidiaries	**(80)**	0
At 30 June	**292**	558
Other receivables		
At 1 July 2012/2011	**121**	331
Write back of allowance for impairment of receivables	**0**	(210)
Loss of control of subsidiaries	**(121)**	0
At 30 June	**0**	121

21 Trade and other receivables (continued)

	Company 2013 RM'000	2012 RM'000
Amounts due from subsidiaries		
Cahajaya Timber Industries Sdn Bhd	0	360
Brilliant Development Sdn Bhd	20	30
Semua Jadi Sdn Bhd	33	0
	53	390

The amounts due from subsidiaries are interest free, unsecured and repayable on demand. They are creditworthy debtors with good payment records with the Company.

22 Discontinued operations and available-for-sale financial assets

The Cahajaya Group had been excluded from OIB's consolidated financial statement for the financial year ended 30 June 2013 as a result of the commencement of member 's voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965 on 11 July 2012 as set out in Note 35 to the financial statements. The Group's gain arising from loss of control of Cahajaya Group amounting to RM168,000 is as disclosed in Note 9(b) to the financial statements. The results, statements of financial position and cash flows of the Cahajaya Group which have been classified as discontinued operations are set out below:

(i) The results of the Cahajaya Group operations are as follows:

	2013 RM'000	2012 RM'000
Revenue	211	7,370
Cost of sales	(222)	(8,515)
Gross loss	(11)	(1,145)
Other operating income	0	1,347
Selling and distribution costs	0	(553)
Administrative expenses	(21)	(1,068)
Other operating expenses	(1,003)	(165)
Loss before taxation	(1,035)	(1,584)
Taxation	0	(188)
Loss after taxation	(1,035)	(1,772)

22 Discontinued operations and available-for-sale financial assets (continued)

The following amounts have been charged in arriving at the loss before taxation from discontinued operations:

	2013 RM'000	2012 RM'000
Auditors' remuneration		
- statutory audit (current year)	0	39
- statutory audit (prior year)	16	0
Raw materials and consumables used	0	3,671
Employee benefits costs	536	1,830
Utilities	120	1,068
Changes in inventories of finished goods and work in progress	185	195
Upkeep, repairs and maintenance of assets	0	189
Depreciation - property, plant and equipment	0	1,897
Inventories written down to net realisable value	0	104
Realised loss on foreign exchange	2	62
Freight charges	0	446

The following amounts have been credited in arriving at the loss before taxation from discontinued operations:

	2013 RM'000	2012 RM'000
Interest income	0	4
Reversal of impairment loss on property, plant and equipment	0	1,122

(ii) The financial position of the Cahajaya Group operations is as follows:

	At 11.7.2012 RM'000	At 30.6.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,137	9,137
Current assets		
Inventories	1,600	1,785
Trade and other receivables	172	172
Tax recoverable	18	18
Deposits with a licensed bank	240	240
Cash and bank balances	799	740
	2,829	2,955
TOTAL ASSETS	11,966	12,092

22 Discontinued operations and available-for-sale financial assets (continued)

(ii) The financial position of the Cahajaya Group operations is as follows: (continued)

	At 11.7.2012 RM'000	At 30.6.2012 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owner of Cahajaya Group		
Share capital	5,155	5,155
Share premium	50	50
Reserves	3,936	4,971
Total equity	9,141	10,176
Current liabilities		
Trade and other payables	2,423	1,514
Amount due to ultimate holding company	360	360
Tax payable	42	42
Total liabilities	2,825	1,916
TOTAL EQUITY AND LIABILITIES	11,966	12,092

(iii) Cash flows generated from the Cahajaya Group operations:

	2013 RM'000	2012 RM'000
Net operating cash flows	59	466
Net investing cash flows	0	4
Net financing cash flows	0	(95)
Net cash generated from the Cahajaya Group operations	59	375

(iv) Available-for-sale financial assets:

Group and Company	2013 RM'000
Unquoted shares, at cost	9,309
Gain on fair value change	1,669
	10,978

22 Discontinued operations and available-for-sale financial assets (continued)

(v) Available-for-sale financial assets (continued):

The fair value of available-for-sale financial assets is determined by Directors based on the inputs from liquidators being the best estimates on the realisable value of the assets and liabilities of Cahajaya Group. The estimated realisable values of the assets are based on binding sales agreement and other quoted prices from bidding exercise. The available-for-sale financial assets are classified in current assets as the liquidation process is expected to be completed within twelve months after the end of the reporting period.

23 Deposits with licensed banks

	Group		Company	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Fixed deposits with licensed banks	**26,826**	29,200	**1,000**	2,100
Fixed deposits held as security for banking facilities	**780**	1,225	**563**	555
	27,606	30,425	**1,563**	2,655

Fixed deposits with licensed banks are denominated in Ringgit Malaysia.

Fixed deposits bear the following range of effective annual interest rates:

	Group		Company	
	2013 %	2012 %	**2013 %**	2012 %
Fixed deposits with licensed banks	**2.80 - 3.20**	2.50 - 3.15	**2.80 - 3.20**	2.50 - 3.15
Fixed deposits held as security for banking facilities	**3.00 - 3.25**	3.25 - 3.30	**3.20 - 3.25**	3.25 - 3.30

Fixed deposits held as security amounting to RM780,000 (2012: RM1,225,000) are pledged to banks as security for bankers' guarantee facilities granted.

Fixed deposits with licensed banks of the Group and of the Company have weighted average maturity periods ranging from 15 to 90 days (2012: 13 to 90 days).

24 Cash and bank balances

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash and bank balances held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966	**9,636**	16,128	**0**	0
Cash at bank and in hand	**8,785**	13,362	**2,123**	2,257
	18,421	29,490	**2,123**	2,257

The interest rates per annum during the financial year and the effective interest rates per annum as at the end of the financial year for the Group are as follows:

Group

	2013 %	2012 %
Interest rates during the financial year:		
Cash at bank held under Housing Development Accounts	**2.00**	2.00 - 2.05
Effective interest rates as at the end of the financial year:		
Cash at bank held under Housing Development Accounts	**2.00**	2.00

Withdrawals from the Housing Development Accounts are restricted under Section 7A of the Housing Development (Control and Licensing) Act 1966.

The currency exposure profile of cash and bank balances is as follows:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
- Ringgit Malaysia	**18,421**	29,088	**2,123**	2,257
- US Dollar	**0**	401	**0**	0
- Thai Baht	**0**	1	**0**	0
	18,421	29,490	**2,123**	2,257

Bank balances are deposits held at call with banks.

25 Share capital

Group and Company	2013 RM'000	2012 RM'000
Authorised:		
Ordinary shares of RM1 each	**200,000**	200,000
Issued and fully paid:		
Ordinary shares of RM1 each	**90,545**	90,545

26 Reserves

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revaluation of available-for-sale financial assets	**1,669**	0	**1,669**	0
Revaluation reserves	**10,974**	10,974	**0**	0
Retained earnings	**163,506**	166,485	**126,643**	132,040
	176,149	177,459	**128,312**	132,040

Company

Under the single-tier tax system which came into effect from the Year of Assessment 2008, companies are not required to have tax credits, under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of the shareholders.

Companies with Section 108 tax credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 tax credits are exhausted or up to 31 December 2013, whichever is earlier unless they opt to disregard the Section 108 tax credits to pay single-tier dividends under the transitional provisions of the Finance Act, 2007.

The Company has not made this election. The Company has, subject to confirmation by the Inland Revenue Board, sufficient tax exempt account balance and tax credits under Section 108 of Income Tax Act 1967 to frank all of the retained earnings of the Company as franked dividends.

27 Provision for property development

Group

	2013 RM'000	2012 RM'000
Provision for property development		
- non-current	**6,368**	5,747
- current	**3,943**	2,982
	10,311	8,729

27 Provision for property development (continued)

Group

Movements in provision for property development:

	2013 RM'000	2012 RM'000
At 1 July 2012/2011	**8,729**	531
Provisions made during the financial year	**4,518**	11,315
Utilised	**(2,936)**	(3,117)
At 30 June	**10,311**	8,729

The provision for property development is in respect of unavoidable costs that the Group has to incur to develop affordable housing on involuntary basis. These costs are not expected to be recoverable from the sales of affordable housing and are allocated to the relevant housing projects.

As at 30 June 2012, included in current portion of the provision for property development is an amount of RM288,000 in respect of commitments made on enhancements to infrastructure facilities to township development.

28 Trade and other payables

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables	**18,705**	20,144	**0**	0
Sales tax payable	**0**	1,011	**0**	0
Accrued billings in respect of property development	**671**	0	**0**	0
Other payables	**3,106**	3,081	**0**	15
Accrued liabilities	**1,456**	2,010	**248**	240
	23,938	26,246	**248**	255

The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
- Ringgit Malaysia	**23,938**	26,154	**248**	255
- Thai Baht	**0**	80	**0**	0
- US Dollar	**0**	12	**0**	0
	23,938	26,246	**248**	255

Credit terms of trade payables granted to the Group vary from 7 to 60 days (2012: 7 to 60 days).

Included in trade payables are landowners' entitlement in respect of development projects as described in Note 19 to the financial statements amounting to RM8,511,000 (2012: RM9,116,000). Payments are made to the landowners based on the collections received from the respective housing projects on a yearly basis. Also included in trade payables are subcontractors' retention sums amounting to RM5,867,000 (2012: RM4,981,000).

29 Dividend

	2013		2012	
	Gross dividend per share Sen	Amount of dividend, net of tax RM'000	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
Proposed/paid:				
First and final dividend in respect of the financial year	10	6,791	10	6,791

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 30 June 2013 of 10 sen per share, less income tax, will be proposed for members' approval. These financial statements do not reflect this first and final dividend which, when approved by members, will be accounted for as an appropriation of retained earnings from shareholders' equity in the financial year ending 30 June 2014.

30 Cash flows (used in) / generated from operations

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before taxation from continuing operations	9,349	20,730	1,974	2,404
Adjustments for:				
Amortisation of biological assets	52	32	0	0
Depreciation of property, plant and equipment	958	731	0	0
Depreciation of investment properties	82	82	0	0
Dividend income	0	0	(2,659)	(3,425)
Interest income	(1,176)	(1,696)	(69)	(148)
Property, plant and equipment written off	5	2	0	0
Allowance for impairment of receivables	190	182	0	0
Write back of allowance for impairment of receivables	(376)	(884)	0	0
Impairment loss on investment in subsidiaries	0	0	60	0
Loss on disposal of property, plant and equipment	3	0	0	0
Reversal of impairment loss on property, plant and equipment in respect of continuing operations	(905)	0	0	0
Gain arising from loss of control of subsidiaries	(168)	0	0	0
Interest expense	0	3	0	0
Share of profit of associate	(2)	(9)	0	0
	(1,337)	(1,557)	(2,668)	(3,573)
	8,012	19,173	(694)	(1,169)
Changes in working capital:				
Property development costs	(3,811)	(12,596)	0	0
Inventories	1,021	(7,294)	0	0
Receivables	(5,746)	11,492	(36)	(32)
Payables	(795)	6,747	(7)	(16)
	(9,331)	(1,651)	(43)	(48)
Cash flows (used in)/generated from operations	(1,319)	17,522	(737)	(1,217)

31 Cash and cash equivalents

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

	Group		Company	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Deposits with licensed banks	**27,606**	30,425	**1,563**	2,655
Cash and bank balances	**18,421**	29,490	**2,123**	2,257
Fixed deposits held as security for banking facilities	**(780)**	(1,225)	**(563)**	(555)
Bank overdrafts (unsecured)	**0**	(111)	**0**	0
	45,247	58,579	**3,123**	4,357

For the financial year ended 30 June 2012, the interest rates per annum and the effective interest rates per annum as at the end of that financial year for the bank overdrafts of the Group are as follows:

	Group 2012 %
Interest rates during the financial year:	
Bank overdrafts	7.60
Effective interest rates as at the end of the financial year:	
Bank overdrafts	7.60

Bank overdrafts are covered by corporate guarantees given by the Company and are denominated in Ringgit Malaysia.

32 Commitments

	Company	
	2013 RM'000	2012 RM'000
Corporate guarantees issued to banks for banking facilities granted to certain subsidiaries (unsecured)		
- Limit	**3,250**	3,250
- Utilised as at 30 June	**94**	133

The corporate guarantees issued to the banks have not been recognised as the amounts are not material and the likelihood of the subsidiaries defaulting is remote.

	Company	
	2013 RM'000	2012 RM'000
Bankers' guarantees issued to third parties in favour of subsidiaries (unsecured)	**3,687**	2,588

32 Commitments (continued)

	Group 2013 RM'000	Group 2012 RM'000
Property development expenditure contracted for at the end of the reporting period but not yet incurred is as follows:		
- Landowners' entitlement	39,948	41,088

33 Related party disclosures

(a) In addition to related parties disclosures mentioned elsewhere in the financial statements, other related parties having significant transactions with the Group are as follows:

Name of company	Relationship
Teong Choon Enterprise (M) Sdn Bhd	Enterprise in which a substantial interest is owned directly by a person connected with Goh Chooi Eam, who is a Non-Independent Non-Executive Director of the Company.
Hijaujaya Estate Sdn Bhd	Enterprise in which a substantial interest is owned directly by a person connected with Goh Chooi Eam, who is a Non-Independent Non-Executive Director of the Company.
Ladang Sin Hock Sdn Bhd	Enterprise in which a substantial interest is owned directly by a person connected with Goh Chooi Eam, who is a Non-Independent Non-Executive Director of the Company.
Yeap & Ooi Development Sdn Bhd	Enterprise in which a substantial interest is owned directly by a person connected with Ooi Keng Tan, who is a Director of the Company.
Hazrin Bin Thobrani	A person connected with Dato' Wira Haji Thobrani Bin Haji Hanafi and Hazman Bin Thobrani who are Executive Directors of the Company.
Datin Sharifah Mahiran Binti Syed Kechil	A person connected with Dato' Wira Haji Thobrani Bin Haji Hanafi and Hazman Bin Thobrani who are Executive Directors of the Company.

33 Related party disclosures (continued)

(b) Significant related party transactions during the financial year are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Purchases of fertilizer and chemical products from Teong Choon Enterprise (M) Sdn Bhd	**481**	561
Services rendered payable to Hijaujaya Estate Sdn Bhd	**67**	57
Services rendered payable to Ladang Sin Hock Sdn Bhd	**53**	47
Cash rebate for sale of developed property to Yeap & Ooi Development Sdn Bhd	**70**	
Rental expenses payable to Hazrin Bin Thobrani	**92**	0
Sale of developed property to Datin Sharifah Mahiran Binti Syed Kechil	**142**	0

The above transactions were carried out on terms and rates as agreed between the Group and the related parties.

	Company	
	2013	2012
	RM'000	RM'000
Gross dividend income from:		
- Brilliant Development Sdn Bhd	**2,659**	1,994
- Brilliant Delta (M) Sdn Bhd	**0**	1,413
- Semua Jadi Sdn Bhd	**0**	18
Management fees receivable from:		
- Brilliant Development Sdn Bhd	**19**	30
- Cahajaya Timber Industries Sdn Bhd	**0**	10
- Semua Jadi Sdn Bhd	**33**	33
Advances to:		
- Cahajaya Timber Industries Sdn Bhd	**502**	150
- Maxilux Properties Sdn Bhd	**947**	400
- Pesaka Saujana (M) Sdn Bhd	**350**	1,900
- Pesaka Saujana Development Sdn Bhd	**0**	30
- Semua Jadi Sdn Bhd	**13,000**	14,475
- Sungei Lalang Development Sdn Bhd	**21**	2,950
- Teguh Padu Development Sdn Bhd	**691**	700

33 Related party disclosures (continued)

(b) Significant related party transactions during the financial year are as follows: (continued)

	Company 2013 RM'000	2012 RM'000
Repayments of advances from:		
- Brilliant Development Sdn Bhd	**30**	0
- Maxilux Properties Sdn Bhd	**3,000**	3,300
- Pesaka Saujana (M) Sdn Bhd	**6,548**	8,725
- Pesaka Saujana Development Sdn Bhd	**0**	400
- Semua Jadi Sdn Bhd	**8,776**	11,709
- Sungei Lalang Development Sdn Bhd	**1,549**	0
- Teguh Padu Development Sdn Bhd	**101**	0
Payments for RPS:		
- Pesaka Saujana Development Sdn Bhd	**208**	0
- OIB Food & Beverages Sdn Bhd	**10**	0
- OIB Confectionery Sdn Bhd	**10**	0
- OIB Recipe Sdn Bhd	**10**	0

Subsidiaries are charged management fees according to a predetermined scale based on their total revenue for the financial year. The management fees charged are payable on demand.

The above transactions were based on terms and rates as agreed between the Company and the related companies.

(c) Significant related party balances

Significant related party balances as at financial year end are as follows:

Company	Nature	2013 RM'000	2012 RM'000
Amounts due from subsidiaries:			
- Semua Jadi Sdn Bhd	Advances	**33**	44,775
- Brilliant Development Sdn Bhd	Advances	**20**	30
- Pesaka Saujana (M) Sdn Bhd	Advances	**0**	18,198
- Teguh Padu Development Sdn Bhd	Advances	**0**	22,209
- Sungei Lalang Development Sdn Bhd	Advances	**0**	15,528
- Pesaka Saujana Development Sdn Bhd	Advances	**0**	10,793
- Maxilux Properties Sdn Bhd	Advances	**0**	2,054
- Cahajaya Timber Industries Sdn Bhd	Advances	**0**	360

Amounts due from subsidiaries are unsecured, interest free and are repayable on demand.

33 Related party disclosures (continued)

(c) Significant related party balances (continued)

Group and Company	Nature	2013 RM'000
Amounts due from related parties:		
- Cahajaya Timber Industries Sdn Bhd	Advances	**785**
- Guar Timber Industries Sdn Bhd	Advances	**77**

Amounts due from related parties are unsecured, interest free and are repayable on demand.

(d) Key management compensation during the financial year.

The compensation for Directors and other members of key management during the financial year is analysed as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Continuing operations:				
Salaries and bonuses	**2,626**	1,936	**246**	242
Defined contribution plan	**286**	224	**0**	0
Other employee benefits	**121**	134	**0**	0
	3,033	2,294	**246**	242
Discontinued operations:				
Salaries and bonuses	**17**	517	**0**	0
Defined contribution plan	**7**	62	**0**	0
Other employee benefits	**0**	1	**0**	0
Compensation on notice period	**43**	0	**0**	0
	67	580	**0**	0
	3,100	2,874	**246**	242

34 Group segmental information

Continuing operations

The Group is organised into three main business segments:

- Property development of residential and commercial units
- Investment holdings
- Oil palm cultivation

Other operations of the Group comprise of hotel operation.

Discontinued operations

- Manufacturing of kiln dried rubberwood, sawn timber, solid doors and moulded wood products

Inter-segment revenue comprises mainly of dividend income and management fees for management services provided to subsidiaries.

2013	Property development RM'000	Investment holding RM'000	Oil palm RM'000	Other RM'000	Continuing operations RM'000	Discontinued operations RM'000	Group RM'000
Revenue							
Total segment revenue	80,350	2,751	2,909	436	86,446	211	86,657
Inter-segment revenue	0	(2,751)	0	0	(2,751)	0	(2,751)
Revenue from external customers	80,350	0	2,909	436	83,695	211	83,906
Profit/(loss)							
Reportable segment profit/(loss)	8,054	(118)	1,411	0	9,347	(1,035)	8,312
Share of results of an associate	0	2	0	0	2	0	2
Profit before taxation					9,349	(1,035)	8,314
Net assets							
Total segment assets	290,378	244,772	31,452	9,671	576,273	0	576,273
Inter-segment assets	(13,550)	(204,220)	0	0	(217,770)	0	(217,770)
Associate	0	3,170	0	0	3,170	0	3,170
Total assets per statement of financial position					361,673	0	361,673
Total segment liabilities	42,441	297	0	1,474	44,212	0	44,212
Inter-segment liabilities	(8,227)	0	0	(1,414)	(9,641)	0	(9,641)
Total liabilities per statement of financial position					34,571	0	34,571
Other information							
Capital expenditure	1,943	0	0	778	2,721	0	2,721
Interest revenue	678	498	0	0	1,176	0	1,176
Tax expense	1318	690	353	0	2,361	0	2,361
Reverse of impairment loss on property, plant and equipment	0	0	905	0	905	0	905
Depreciation and amortisation	848	0	52	263	1,163	0	1,163

34 Group segmental information (continued)

2012	Property development RM'000	Investment holding RM'000	Oil palm RM'000	Continuing operations RM'000	Discontinued operations RM'000	Group RM'000
Revenue						
Total segment revenue	93,103	8,226	3,847	105,176	7,370	112,546
Inter-segment revenue	0	(8,226)	0	(8,226)	0	(8,226)
Revenue from external customers	93,103	0	3,847	96,950	7,370	104,320
Profit/(loss)						
Reportable segment profit/(loss)	18,438	(188)	2,471	20,721	(1,584)	19,137
Share of results of an associate	0	9	0	9	0	9
Profit before taxation				20,730	(1,584)	19,146
Net assets						
Total segment assets	302,078	236,815	31,513	570,406	12,092	582,498
Inter-segment assets	(4,753)	(218,164)	0	(222,917)	0	(222,917)
Associate	0	3,168	0	3,168	0	3,168
Total assets per statement of financial position				350,657	12,092	362,749
Total segment liabilities	157,380	284	0	157,664	1,916	159,580
Inter-segment liabilities	(122,722)	(27)	0	(122,749)	(360)	(123,109)
Total liabilities per statement of financial position				34,915	1,556	36,471
Other information						
Capital expenditure	283	0	158	441	0	441
Interest revenue	1,255	441	0	1,696	4	1,700
Interest expenses	3	0	0	3	0	3
Tax expense	3,700	833	618	5,151	188	5,339
Reversal of impairment loss on property, plant and equipment	0	0	0	0	1,122	1,122
Depreciation and amortisation	883	0	32	915	1,897	2,812

Capital expenditure comprises additions to property, plant and equipment, biological assets, land held for property development and investment properties.

35 Significant events

On 11 July 2012, the Cahajaya Group comprising Cahajaya Timber Industries Sdn Bhd ("CTI"), Patriot Furniture Sdn Bhd ("PF") and Guar Timber Industries Sdn Bhd ("GTI") was placed under member's voluntary winding up.

Mr Heng Ji Keng and Mr Michael Joseph Monteiro of Ferrier Hodgson MH Sdn Bhd were appointed as joint and several liquidators of CTI whilst Mr Skelchy Anthony Joseph and Dato' Abu Hanifah Bin Noordin of PKF Covenant Sdn Bhd were appointed joint and several liquidators of PF and GTI.

The member's voluntary winding up of the Cahajaya Group was to rationalise and streamline the Group structure. Upon commencement of the member's voluntary winding up, the Cahajaya Group ceased its manufacturing operations.

As at date of this report, the member's voluntary winding up of the Cahajaya Group is still in the process of completion.

36 Comparative figures

During the financial year, the Group reclassified the following comparatives in the statement of comprehensive income as a result of the discontinued operations of Cahajaya Group as disclosed in Note 22 to the financial statements.

Group

	Balances as at 30 June 2012		Balances as at 30 June 2012
	As previously reported	Reclassi-fication	As Restated
	RM'000	RM'000	RM'000
Revenue	104,320	(7,370)	96,950
Cost of sales	(75,572)	8,515	(67,057)
Gross profit	28,748	1,145	29,893
Other operating income	5,144	(1,347)	3,797
Selling and distribution costs	(1,869)	553	(1,316)
Administrative expenses	(9,898)	1,068	(8,830)
Other operating expenses	(2,985)	165	(2,820)
Operating profit	19,140	1,584	20,724
Finance cost	(3)	0	(3)
Share of profit of associate	9	0	9
Profit before taxation	19,146	1,584	20,730
Taxation	(5,339)	188	(5,151)
Profit from continuing operations	13,807	1,772	15,579
Loss from discontinued operations	0	(1,772)	(1,772)
Profit after taxation	13,807	0	13,807

The Directors are of the opinion that the reclassification will result in a more appropriate presentation. The reclassification has no impact to the Group's profit after taxation, net assets and cash flows.

37 Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits at the legal entity level is 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 whilst the disclosure at the group level is based on the prescribed format by Bursa Malaysia Securities Berhad.

	Group		Company	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Total retained earnings:				
- realised	**163,813**	167,199	**126,643**	132,040
- unrealised	**1,096**	3,454	**0**	0
Total share of retained earnings of associate:				
- realised	**21**	19	**0**	0
- unrealised	**0**	0	**0**	0
Less: consolidation adjustments	**(1,424)**	(4,187)	**0**	0
Total retained earnings	**163,506**	166,485	**126,643**	132,040

The disclosure of realised and unrealised earnings above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

Statement by Directors Pursuant to

Section 169(15) of the Companies Act, 1965

We, Dato' Wira Haji Thobrani Bin Haji Hanafi and Goh Aik Keong, being two of the Directors of Oriental Interest Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 38 to 102 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965.

The information set out in Note 37 to the financial statements have been prepared in accordance with the 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.

In accordance with a resolution of the Board of Directors dated 26 September 2013.

Dato' Wira Haji Thobrani Bin Haji Hanafi
Executive Chairman

Goh Aik Keong
Managing Director

Statutory Declaration Pursuant to

Section 169(16) of the Companies Act, 1965

I, Khaw Eng Peng, being the Director primarily responsible for the financial management of Oriental Interest Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 102 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Khaw Eng Peng
Executive Director

Subscribed and solemnly declared in Penang on 26 September 2013.
Before me

Commissioner for Oaths

Analysis of Shareholdings

as at 30 September 2013

Authorised share capital	: RM200,000,000/-
Issued and fully paid-up share capital	: RM90,545,002/-
Voting rights	: On a show of hands - 1 vote for every shareholder
	: On a poll - 1 vote for every one ordinary share held

Thirty Largest Shareholders as at 30 September 2013

No.	Name	Number of Shares	% of Shares
1	Thobrani Holdings Sdn Bhd	13,263,000	14.65
2	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Goh Aik Lai Holdings Sdn Bhd (PB)	4,295,600	4.74
3	Fortune Yields Sdn Bhd	3,413,303	3.77
4	K.T. Ooi Holdings Sdn Bhd	3,300,749	3.65
5	Tow Hing Wa Holdings Sdn Bhd	2,509,182	2.77
6	Yeap Peng Hean Holdings Sdn Bhd	2,335,182	2.58
7	Goh Aik Keong	2,321,200	2.56
8	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for British and Malayan Trustees Limited (Yeoman 3-Rights)	2,160,300	2.39
9	Lim Hai Hong @ Lim Hai Hak	2,060,931	2.28
10	Daedalin Sdn Bhd	1,959,232	2.16
11	Chan Siau Chien	1,838,400	2.03
12	Ong Cheng Guan	1,827,100	2.02
13	Goh Cheng Guan Holdings Sdn Bhd	1,769,291	1.95
14	AK Goh Holdings Sdn Bhd	1,729,428	1.91
15	Tan Chen Ghee	1,693,494	1.87
16	Teong Choon Enterprise (Malaysia) Sdn Bhd	1,681,000	1.86
17	Chai Tin Kok Holdings Sdn Bhd	1,592,077	1.76
18	Goh Aik Lean Holdings Sdn Bhd	1,562,000	1.73
19	Chua Ting San Holdings Sdn Bhd	1,279,096	1.41
20	Perfect Scores Sdn Bhd	1,047,000	1.16
21	Teoh Aik Xiang	1,000,000	1.10
22	Teoh Aik Wei	1,000,000	1.10
23	Teoh Aik Chin	1,000,000	1.10
24	Hoe Siew Mee	1,000,000	1.10
25	Goh Aik Lean	1,000,000	1.10
26	Goh Aik Keong	997,585	1.10
27	Yeoh Swee Seong Sdn Bhd	906,000	1.00
28	Yeoh Kooi Chuan Holdings Sdn Bhd	827,585	0.91
29	Teoh Aik Hwang	800,000	0.88
30	Wai Lok Holding Sdn Bhd	764,000	0.84
	Total	62,932,735	69.48

Distribution of Shareholders as at 30 September 2013

Size of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	10	0.46	376	0.00
100 - 1,000	889	41.27	853,992	0.94
1,001 - 10,000	901	41.83	3,766,900	4.16
10,001 - 100,000	273	12.67	8,887,303	9.82
100,001 - 4,527,249	80	3.71	63,773,431	70.43
4,527,250 and above	1	0.05	13,263,000	14.65
Total	**2,154**	**100.00**	**90,545,002**	**100.00**

Directors' Shareholdings as per register as at 30 September 2013

Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Dato' Wira Haji Thobrani Bin Haji Hanafi	453	0.00	13,827,000 ^^	15.27
Goh Aik Keong	3,318,785	3.67	1,729,428	1.91
Hazman Bin Thobrani	20,000	0.02	0	0.00
Khaw Eng Peng	95,002	0.10	0	0.00
Goh Chooi Eam	203	0.00	1,769,291	1.95
Tuan Haji Ahmad Bin Abdul Rashid	0	0.00	60,000 @	0.07
Aswandi Bin Mohamed Hashim	0	0.00	0	0.00

The deemed interests of Dato' Wira Haji Thobrani Bin Haji Hanafi, Mr Goh Aik Keong and Mr Goh Chooi Eam in the related corporations are disclosed under Directors' Report in this Annual Report.

^^ Including 364,000 shares held in the name of spouse and children and are treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

@ Deemed interested pursuant to Section 6A of the Companies Act, 1965.

Substantial Shareholders as per register as at 30 September 2013

Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Dato' Wira Haji Thobrani Bin Haji Hanafi	453	0.00	13,463,000	14.87
Datin Sharifah Mahiran Binti Syed Kechil	282,000	0.31	13,463,000	14.87
Thobrani Holdings Sdn Bhd	13,463,000	14.87	0	0.00
Goh Aik Lai	0	0.00	7,710,203	8.52
Goh Aik Keong	3,318,785	3.67	1,729,428	1.91

Properties of The Group

as at 30 June 2013

Address / Location	Description/Year of Acquisition or Revaluation	Approximate Land/ Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
Property, Plant and Equipment				
Sungai Petani				
1 & 2 Jalan Bank Sungai Petani Kedah Darul Aman	3/6 Storey Office Land & Building/ 1993	8,418 sq.ft.	Freehold/17	1,493
7 & 8 Jalan Bank Sungai Petani Kedah Darul Aman	Commercial Land for Office Building	0.11 acres	Freehold	802
Mukim Teloi Kiri District of Kuala Muda Kedah Darul Aman	Agriculture Land for Oil Palm Cultivation	244.15 acres	Freehold	3,759
Kulim				
343 Jalan Tunku Mohd Asaad Kulim Kedah Darul Aman	Sales Office (Bungalow)/ 1996	62,483 sq.ft.	Freehold/56	1,049
Bandar Kulim District of Kulim Kedah Darul Aman	Agriculture Land for Future Owner Occupation	1.61 acres	Freehold	1,763
Mukim Sidam Kanan District of Kulim Kedah Darul Aman	Agriculture Land for Oil Palm Cultivation	582.11 acres	Freehold	28,599
Kuala Lumpur / Sepang / Negeri Sembilan				
61 Jalan Kampung Pandan Taman Maluri Kuala Lumpur	4 Storey Office Building/ 1993	7,040 sq.ft.	99 years lease expiring in 2076/23	517
22 Jalan ST 1C/4 Medan 88 Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	3 Storey Shophouse Sales Office/ 1997	3,900 sq.ft.	99 years lease expiring in 2092/17	120
Seri Bayu Resort Hotel Bagan Lalang Sepang Selangor Darul Ehsan	3 Storey Apartment for Hotel Operations (66 units)/2013	53,223 sq.ft.	Freehold/1	8,764

Address / Location	Description/Year of Acquisition or Revaluation	Approximate Land/ Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
Property, Plant and Equipment (continued)				
Kuala Lumpur / Sepang / Negeri Sembilan (continued)				
Mukim Setul Seremban Negeri Sembilan Darul Khusus	Agriculture Land for Oil Palm Cultivation	173.81 acres	99 years lease expiring in 2081	11,007
Mukim Ampang Kuala Lumpur Wilayah Persekutuan KL	Development Land Approved for Housing	0.24 acres	99 years lease expiring in 2091	772
Investment Properties				
Sungai Petani				
1 & 2 Jalan Bank Sungai Petani Kedah Darul Aman	3/6 Storey Office Building/ 1993	8,418 sq.ft.	Freehold/17	603
7 & 8 Jalan Bank Sungai Petani Kedah Darul Aman	3 Storey Office Building/ 2004	12,861 sq.ft.	Freehold/10	531
Kulim				
32 - 42 Lorong Semarak 2 Taman Semarak Kulim Kedah Darul Aman	3 Storey Shophouses/ 1996	49,059 sq.ft.	Freehold/18	1,425
Mukim Sidam Kanan District of Kulim Kedah Darul Aman	1 1/2 Storey Detached Supermarket In progress	73,761 sq.ft.	Freehold	729
Sepang				
No. 1 Jalan Dahlia 2/7 Taman Dahlia Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	Double Storey Terrace/ 2007	3,175 sq.ft.	Freehold/7	155
No. 20 Jalan Seroja 6 Taman Seroja Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	Double Storey Shop/ 2009	3,080 sq.ft.	99 years lease expiring 2094/4	230

Address / Location	Description/Year of Acquisition or Revaluation	Approximate Land/ Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
Land Held for Property Development				
Sungai Petani				
Mukim Sungai Pasir District of Kuala Muda Kedah Darul Aman	Development Land Approved for Housing	39.69 acres	Freehold	14,379
Kulim				
Bandar Kulim District of Kulim Kedah Darul Aman	Development Land Approved for Housing	18.93 acres	Freehold	4,692
Bandar Kulim District of Kulim Kedah Darul Aman	Vacant Land for Future Development	26.06 acres	Freehold	673
Bandar Kulim District of Kulim Kedah Darul Aman	Agriculture Land for Future Development	0.38 acres	Freehold	14
Mukim Sidam Kanan District of Kulim Kedah Darul Aman	Development Land Approved for Housing	32.14 acres	Freehold	2,960
Prai				
Mukim 15 Seberang Prai Selatan Penang	First Grade Land for Future Development	20.88 acres	Freehold	10,580
Sepang				
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	21.48 acres	Freehold	2,118
Mukim Sepang District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	2.22 acres	Freehold	571

Development Land Under
Landowner and Developer Agreement
as at 30 June 2013

Address / Location	Approximate Land/ Floor Area	Tenure/Age of Building (years)	Advances to Landowners (RM'000)
Sepang / Gombak / Melaka			
Mukim Labu District of Sepang Selangor Darul Ehsan	17.53 acres	Freehold	4,240
Mukim Setapak District of Gombak Selangor Darul Ehsan	19.17 acres	99 years lease expiring in 2094	5,930
Mukim Bukit Katil District of Melaka Tengah Melaka	17.96 acres	99 years lease expiring between 2105 - 2110	895
Mukim Dengkil District of Sepang Selangor Darul Ehsan	31.34 acres	99 years lease expiring between 2093 - 2106	8,928
Mukim Dengkil District of Sepang Selangor Darul Ehsan	29.65 acres	Freehold	8,982

Notes of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting ("AGM") of ORIENTAL INTEREST BERHAD will be held at Serindit Room, Hotel Equatorial, No. 1 Jalan Bukit Jambul, 11900 Penang on Tuesday, 19 November 2013 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2013 together with the Reports of the Directors and Auditors thereon. — **Please refer to the Explanatory Note**

2. To declare a first and final dividend of 10% per share less 25% tax for the year ended 30 June 2013. — **Ordinary Resolution 1**

3. To re-elect the following Directors retiring pursuant to Article 80 of the Articles of Association of the Company:
   3.1 Mr Khaw Eng Peng — **Ordinary Resolution 2**
   3.2 Mr Goh Chooi Eam — **Ordinary Resolution 3**

4. To approve the payment of Directors' fees for the financial year ended 30 June 2013. — **Ordinary Resolution 4**

5. To re-appoint Messrs PricewaterhouseCoopers and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions with or without modifications:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** — **Ordinary Resolution 6**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

7. **AUTHORITY TO CONTINUE IN OFFICE AS SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR** — **Ordinary Resolution 7**

   "THAT authority be and is hereby given to Tuan Haji Ahmad Bin Abdul Rashid who has served as Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Senior Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code of Corporate Governance 2012."

8. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a First and Final Dividend of 10% per share less 25% tax for the financial year ended 30 June 2013, if approved at the Twentieth AGM, will be paid on 12 December 2013 to Depositors whose names appear in the Record of Depositors of the Company at the close of business on 26 November 2013.

A Depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 26 November 2013 in respect of ordinary transfers; and

b. Shares bought on Bursa Securities on a cum entitlement basis according to Rules of the Bursa Securities.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries
Selangor Darul Ehsan
28 October 2013

Notes:

1. A member of the Company 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. A member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 12 November 2013 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Explanatory Note
To receive the Audited Financial Statements
Agenda item No. 1 is meant for discussion only as Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and therefore, this item on the Agenda is not put forward for voting.

Ordinary Resolution 6
Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965
The proposed Ordinary Resolution 6, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

This is a renewal of the mandate obtained from its shareholders at the last AGM held on 5 December 2012 and will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment, working capital and/or acquisitions.

The Company had not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the Nineteenth AGM of the Company.

Ordinary Resolution 7
Authority to Continue in Office as Senior Independent Non-Executive Director
The Board of Directors had via the Nominating Committee conducted an annual performance evaluation and assessment of Tuan Haji Ahmad Bin Abdul Rashid, who has served as Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Senior Independent Non-Executive Director of the Company based on the following justifications:-

a. he has fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements and therefore is able to bring independent and objective judgement to the Board;
b. his legal experience will enable him to provide the Board with a diverse set of experience, expertise, skills and competence;
c. he has been with the Company for twelve (12) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Audit and Risk Management Committee and Board meetings;
d. he has contributed sufficient time and efforts and attended all the Audit and Risk Management Committee and Board Meetings for informed and balanced decision making; and
e. he has exercised his due care during his tenure as Senior Independent Non-Executive Director of the Company and carried out professional duty in the interest of the Company and shareholders.

Statement Accompanying Notice of AGM
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements)
1. No individual is seeking election as a Director at the forthcoming Twentieth AGM of the Company.

Share Buybacks
There were no share buybacks by the Company during the financial year.

Options, Warrant or Convertible Securities
The Company did not issue any options, warrants or convertible securities during the financial year.

Depository Receipt Programme
The Company did not sponsor any Depository Receipt programme during the financial year.

Imposition of Sanctions and/or Penalties
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-audit Fees
The amount of non-audit fees incurred by the Company and the Group to external auditors for the financial year amounted to RM3,500 and RM54,000 respectively.

Profit Guarantees
The Company did not give any profit guarantees during the financial year.

Material Contracts and Contracts Relating to Loans
During the financial year, there were no material contracts or contracts relating to loans entered into by the Company or its subsidiary companies involving interests of Directors and major shareholders of the Company.

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Proxy Form

No. of Ordinary Shares Held	
CDS Account No.	

ORIENTAL INTEREST BERHAD (272144-M)
Incorporated in Malaysia

I/We ....
(Full Name in Capital Letters)

NRIC No. or Company No. ....
(New and Old NRIC Nos.)

of ....
(Full Address)

being a member(s) of ORIENTAL INTEREST BERHAD hereby appoint ....
(Full Name in Capital Letters)

of ....
(Full Address)

or failing him/her, *the CHAIRMAN OF THE MEETING as my/our proxy(ies), to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Serindit Room, Hotel Equatorial, No. 1 Jalan Bukit Jambul, 11900 Penang on Tuesday, 19 November 2013 at 10.00 a.m. and at any adjournment thereof.

* Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.

My/our proxy is to vote as indicated below:

Ordinary Business RESOLUTIONS		FOR	AGAINST
1. Declaration of first and final dividend of 10% per share less 25% tax for the year ended 30 June 2013	Ordinary Resolution 1		
2. Re-election of Khaw Eng Peng as Director	Ordinary Resolution 2		
3. Re-election of Goh Chooi Eam as Director	Ordinary Resolution 3		
4. Approval of Directors' Fees	Ordinary Resolution 4		
5. Re-appointment of Messrs. PricewaterhouseCoopers as Auditors of the Company	Ordinary Resolution 5		
Special Business RESOLUTIONS		**FOR**	**AGAINST**
6. Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares	Ordinary Resolution 6		
7. Authority to Continue in Office as Senior Independent Non-Executive Director	Ordinary Resolution 7		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

....
Signature/Common Seal

Number of shares held: ....

Date: ....

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		**100%**

Notes:

1. A member of the Company 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. A member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 12 November 2013 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

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Affix
Stamp

ORIENTAL INTEREST BERHAD
c/o BOARDROOM CORPORATE SERVICES
(KL) SDN BHD
Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.

Then fold here

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