ANNUAL REPORT 2012

eastland

EASTLAND EQUITY BHD (515965-A)

(Formerly known as Furqan Business Organisation Berhad)

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 17 June 2013 at 8.30 a.m. to transact the following businesses:

1. To receive the Audited Financial Statements for the year ended 31 December 2012 together with the Reports of Directors' and Auditors' thereon. **(Resolution 1)**

2. To re-elect the following directors who retire in accordance with Article 84 of the Company's Articles of Association, being eligible, offer themselves for re-election:

   a) Dato' Faruk Bin Othman **(Resolution 2)**

   b) Lim Kwee Ong **(Resolution 3)**

3. To re-appoint Dr. Yang Ching Leng @ Chan Ah Kow who is over the age of seventy (70) years, to hold office until the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. **(Resolution 4)**

4. To approve the payment of Directors' fees of RM132,000 for the year ended 31 December 2012. **(Resolution 5)**

5. To consider, and if thought fit, to pass the following resolution :

   "THAT Messrs Baker Tilly Monteiro Heng, the retiring Auditors, be and are hereby re-appointed Auditors of the Company to hold office until the conclusion of the next annual general meeting at a fee to be determined by the Directors at a later date." **(Resolution 6)**

Special Business

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

6. **Ordinary Resolution - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue." **(Resolution 7)**

7. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN KOK AUN (MACS 01564)
WONG WAI YIN (MAICSA No. 7003000)
Company Secretaries

Kuala Lumpur,
23 May 2013

NOTICE OF ANNUAL GENERAL MEETING

Notes :

1. *A member entitled to attend and vote at the general meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

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

3. *A proxy may but need not be a member of the Company and need not be any of the persons prescribed by Section 149(1)(b) of the Companies Act, 1965.*

4. *The instrument appointing a proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Registrars Office at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.*

6. *For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Thirteenth Annual General Meeting of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 62(1) of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 7 June 2013. Only a depositor whose name appears on the Record of Depositors as at 7 June 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

The proposed adoption of Ordinary Resolution 7 in item 6 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorisation will, unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting. In order to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek members' approval.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future projects, working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE ANNUAL GENERAL MEETING

Thirteenth Annual General Meeting of the Company will be held at the following venue:-

Date	Time	Place
17 June 2013 Monday	8.30 a.m	Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan

RE-ELECTION OF DIRECTORS

Directors who are standing for re-election in accordance with Article 84 of the Company's Articles of Association:

a) Dato' Faruk Bin Othman
b) Lim Kwee Ong

Director who is standing for re-appointment in accordance with Section 129(6) of the Company's Act, 1965:

a) Dr. Yang Ching Leng @ Chan Ah Kow

Further detail of the Directors standing for re-election are set out in the Profile of the Board of Directors appearing in this Annual Report.

THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Details of the attendance of the directors at Board Meetings and Audit Committee Meetings are stated in this Annual Report.

FIVE-YEAR FINANCIAL HIGHLIGHTS

		FINANCIAL YEAR ENDED 31 DECEMBER				
		2012	2011	2010	2009	2008
Revenue	RM	36,091,457	77,205,054	31,732,821	31,416,105	69,089,751
EBITDA	RM	4,739,007	20,410,050	12,443,281	17,993,591	18,375,526
Profit/(Loss) before tax	RM	3,690,813	18,893,694	9,431,929	14,551,193	11,048,808
Profit/(Loss) from continuing operations	RM	1,306,852	16,882,227	7,309,727	12,293,498	8,743,470
Discontinued operations	RM	-	29,681	(146,474)	(1,612,367)	(28,185,701)
Net Profit/(Loss) attributable to equity holders	RM	1,306,852	16,911,908	7,163,253	10,681,131	(19,272,641)
Minority Interest	RM	-	-	-	-	(169,590)
Total Assets	RM	301,269,395	294,288,548	351,194,740	376,417,892	446,920,933
Total Liabilities	RM	137,702,301	132,009,110	205,741,698	238,299,326	319,483,498
Total Net Assets/Total Equity	RM	163,567,094	162,279,438	145,453,042	138,118,566	127,437,435
Return on Equity (ROE)	%	0.80	10.42	4.92	7.73	-15.12
Return on Total Assets (ROTA)	%	0.43	5.75	2.04	2.84	-4.31
Gearing Ratio	Times	0.84	0.81	1.41	1.73	2.51
Interest Coverage Ratio	Times	12.07	24.55	5.07	7.09	2.90
Earnings per share (EPS)	SEN	0.59	7.57	3.21	4.06	(8.63)
Net Tangible Asset per share	RM	0.73	0.73	0.65	0.62	0.57
Price Earning (PE) Ratio	Times	74.58	3.04	4.36	2.96	-0.58
Share Price as at the Financial Year End	RM	0.44	0.23	0.14	0.12	0.05

CHAIRMAN'S STATEMENT

Dear Shareholders ,

On behalf of the Board of Directors of Eastland Equity Bhd, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2012 ("FY12").

Overview

The Malaysian economy remained resilient in 2012 amid a more challenging global environment compared to 2011 as economic conditions in US and euro area remained weak, and lower growth recorded for China year on year. Malaysia achieved 5.6% growth compared to 5.1% in 2011. Bank Negara Malaysia has indicated that the better growth was driven by higher growth in domestic demand which recorded the highest rate of expansion over the recent decade underpinned by higher consumption and investment spending. Increased in capital spending by both the private and public sectors was the key driver of the domestic economy.

In the State of Kelantan where our core operations are located, there are many ongoing property developments throughout the State. The business environment is getting very competitive for us but the prospect is still favorable. We are pleased to present to you our financial performance for the financial year 2012.

Financial Performance

The Group recorded a revenue of RM36.09 million for FY12, a significant decrease from RM77.20 million for the financial year ended 31 December 2011 ("FY11"). The huge variance on the revenue was due to disposal of land by an investment properties subsidiary at RM42.19 million in FY11. On the core operations, the revenue for FY12 has improved compared to RM35.01 million in FY11. The revenue for the year was derived mainly from investment properties, hospitality and property development sectors with revenue of RM6.16 million, RM24.36 million and RM5.54 million respectively. The better result in core operations is mainly due to better revenue recorded for Renaissance Kota Bharu Hotel where both rooms and food & beverages segments recorded higher revenue compared to FY11.

Profit before tax for FY12 was RM3.46 million while FY11 recorded RM18.75 million. The one off disposal of land contributed RM18.85 million of profit in FY11. The overall financial position of the Group remains healthy. Earnings per share stands at 0.59 sen. Net asset per share remains at 73 sen.

CHAIRMAN'S STATEMENT

Future Prospects

For the financial year 2013("FY13"), we are to carry on our current core businesses in Kelantan. The overall outlook for Malaysian economy for 2013 is favorable, the economy is expected to remain on a steady growth path. The economy in Kelantan has been expanding rapidly which in turn bring in many competitors to our businesses. Among our focuses for FY13 is to improve our current core assets to stay competitive. We have budgeted for major refurbishment for our 13 years old Renaissance Kota Bharu Hotel. We are also exploring the feasibility of building an extension to our Kota Sri Mutiara shopping complex at the adjacent land which is owned by us. We expect these assets will continue to generate good income for the Group.

Our property development project is in Pasir Mas Kelantan, Bandar Tasek Raja project is a township development consists of bus and taxi terminal, market and commercial area. The construction of phase 1 is currently underway. It is expected to be completed in 2013. As of first quarter of 2013, a total of 70% phase 1 shop units has been sold. We are looking forward to the launch of phase 2 upon completion of phase 1. Moving forward we are looking for land at the surrounding area for possible residential development in the future.

Our financial performance for FY13 is expected to remain stable as our businesses are largely driven by domestic consumption and investment activities, we are optimistic that we will benefit from the expanding domestic demand.

Dividend

The Board does not recommend any dividend in respect to FY12.

Appreciation

I would like to take this opportunity to express our gratitude to all management and staff, business associates, clients, bankers and shareholders for their continuing support and confidence in the Group.

Condolences

On behalf of the Board of Directors, I would like to express with deepest sympathy and condolence to the wife and family of late Dato' Tan Kok Hwa, Executive Director, who passed away peacefully on 2 October 2012.

Thank you.

Dato' Faruk Bin Othman

Independent Non-Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg. Dato' Faruk Bin Othman
(Independent Non-Executive Chairman)

YBhg. Dato' Lim Hong Sang
(Executive Deputy Chairman)

Sydney Lim Tau Chin
(Managing Director)

Yong Yeow Wah
(Executive Director)

Dr. Yang Ching Leng @ Chan Ah Kow
(Independent Non-Executive Director)

Lim Thian Loong
(Independent Non-Executive Director)

Lim Kwee Ong
(Independent Non-Executive Director)

AUDIT COMMITTEE

Lim Thian Loong *(Chairman)*
Dr. Yang Ching Leng @ Chan Ah Kow
Lim Kwee Ong

NOMINATING COMMITTEE

Dr. Yang Ching Leng @ Chan Ah Kow *(Chairman)*
Lim Thian Loong
Lim Kwee Ong

REMUNERATION COMMITTEE

Lim Thian Loong *(Chairman)*
Dr. Yang Ching Leng @ Chan Ah Kow
Lim Kwee Ong

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Yang Ching Leng @ Chan Ah Kow
Tel : 012-3560639
Email : chingleng.yang@gmail.com

COMPANY SECRETARIES

Tan Kok Aun (MACS 01564)
Wong Wai Yin (MAICSA 7003000)

PRINCIPAL PLACE OF BUSINESS

No. 24, Jalan 8/23E
Taman Danau Kota
Setapak
53300 Kuala Lumpur
Tel : 03 – 4149 8200 Fax : 03 – 4149 8210

REGISTERED OFFICE

No. 1 & 1A, 2nd Floor (Room 2)
Jalan Ipoh Kecil
50350 Kuala Lumpur
Tel : 03 – 4043 5750 Fax : 03 – 4043 5755

SHARE REGISTRAR

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 – 2264 3883 Fax : 03 – 2282 1886

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower,
Level 10, Tower 1,
Avenue 5, Bangsar South City,
59200 Kuala Lumpur
Tel : 03 – 2297 1000 Fax : 03 – 2282 9980

PRINCIPAL BANKER

Public Bank Berhad
No. 1, 3 & 5, Jalan Pandan Indah 1/23
Pandah Indah
55100 Kuala Lumpur
Tel : 03 – 9274 2495 Fax : 03 – 9274 6497

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Main Market (Trading/Services)
Stock Name : EASTLND
Stock Code : 2097

PROFILE OF THE BOARD OF DIRECTORS

DATO' FARUK BIN OTHMAN
Independent Non-Executive Chairman, *Malaysian, Age 65*

Faruk Bin Othman was the Executive Chairman of the Company from 1 October 2002 to 1 February 2011. He was re-designated as Non-Independent Non-Executive Chairman of the Company on 2 February 2011 and re-designated as Independent Non-Executive Chairman on 28 February 2013.

He graduated in Business Studies and completed a post graduate Diploma in Management Studies from University of Sussex, United Kingdom. Faruk has over 30 years experience in the financial sector, mainly in banking and stock broking. He was the Executive Director of Inter-Pacific Securities Sdn Bhd before being appointed as the Executive Chairman of United Merchant Finance Berhad in 1994.

At present, Faruk is the Executive Chairman and a Member of the Remuneration Committee of APFT Berhad, a Director and Member of the Audit Committee of Premier Nalfin Berhad and a Director and Member of the Audit, Remuneration and Nominating Committees of Sunchirin Industries (Malaysia) Berhad. These companies are listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the Board of several private limited companies.

Faruk does not have any family relationship with any director and/or major shareholder of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

He has attended all the Seven (7) Board meetings held during the financial year ended 31 December 2012.

DATO' LIM HONG SANG
Executive Deputy Chairman, *Malaysian, Age 63*

Lim Hong Sang was appointed as Managing Director to the Board from 1 October 2003 to 20 June 2010. He was re-designated as Executive Deputy Chairman on 21 June 2010.

He is a Barrister-at-Law from Lincoln's Inn, London and an ex-government servant. As an advocate and solicitor by profession, he has been a practicing lawyer for 25 years prior to his appointment.

Lim Hong Sang does not have any family relationship with any director and/or major shareholder of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within past ten (10) years, other than traffic offences, if any.

He has attended all the seven (7) Board meetings held during the financial year ended 31 December 2012.

PROFILE OF THE BOARD OF DIRECTORS

SYDNEY LIM TAU CHIN
Managing Director, *Malaysian, Age 43*

Sydney Lim Tau Chin obtained his Corporate Finance Qualifications from the Corporate Finance Faculty of the Institute of Chartered Accountants in England & Wales in 2006. In the same year, he was also accepted as a member of the Singapore Institute of Arbitrators. He graduated with an honours degree in Accounting from California State University, USA, joined the Group in October 2003 as its Chief Financial Officer. Prior to joining the Company, he was the Senior General Manager of another Main Board public listed company.

In August 2004, Sydney Lim completed the Harvard Business School Senior Management Development Program. Subsequently, he also attended the Residential Strategic Leadership Programme at Oxford University in 2007.

Sydney Lim was appointed as Executive Director of the Company on 12 December 2003 and subsequently on 21 June 2010, he was re-designated as Managing Director.

He is deemed interested in the shares of the Company by virtue of his directorship and shareholdings in Maylex Ventures Sdn Bhd, a substantial shareholder of the Company.

Sydney Lim does not have any family relationship with any director and/or major shareholder of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

He has attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2012.

YONG YEOW WAH
Executive Director, *Malaysian, Aged 59*

Yong Yeow Wah was appointed to the Board on 5 September 2003 as Senior Independent Non-Executive Director, and subsequently on 21 June 2010, he was re-designated as Executive Director.

Yong Yeow Wah does not have any family relationship with any director and/or substantial shareholder of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

He has attended all the (7) Board Meetings held during the financial year ended 31 December 2012.

PROFILE OF THE BOARD OF DIRECTORS

LIM THIAN LOONG
Independent Non-Executive Director, *Malaysian, Aged 49*

Lim Thian Loong is an accountant by profession. He graduated with The Chartered Institute of Management Accountants (CIMA) from London. He is a member of the CIMA, Malaysian Institute of Accountants (MIA) and Chartered Tax Institute of Malaysia (CTIM). He has his own firm and has been practicing as a sole practitioner since 2002. He has over 10 years experience in accounts, audit and tax.

Lim Thian Loong was appointed to the Board on 25 February 2010. He is the Chairman of Audit Committee and Remuneration Committee. He is also a Member of Nominating Committee. He also sits on the Board of Sanbumi Holdings Berhad and Grand Central Enterprises Bhd.

Lim Thian Loong does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

He has attended all the seven (7) Board Meetings held during the financial year ended 31 December 2012.

DR. YANG CHING LENG @ CHAN AH KOW
Independent Non-Executive Director, *Malaysian, Aged 70*

Yang Ching Leng @ Chan Ah Kow holds a Bachelor of Arts from the National Taiwan University, and obtained his Masters of Arts and Ph.D from University of Malaya. He lectured in University of Malaya for 27 years. After that he served as a head of department in a private college for 5 years.

He was appointed as Independent Non-Executive Director, Audit Committee Member, Remuneration Committee Member and Chairman of Nominating Committee on 27 November 2006.

Yang Ching Leng @ Chan Ah Kow does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

He has attended all the (7) Board Meetings held during the financial year ended 31 December 2012.

LIM KWEE ONG
Independent Non-Executive Director, *Malaysian, Aged 58*

Lim Kwee Ong graduated from University of Malaya with B.Sc(Hons) Major in Mathematics in 1979. He was Project Manager in planning and implementation of several housing projects in Peninsular Malaysia from 1980 to 1998. Since 1999, he is a Dealer's Representative in Hong Leong Investment Bank Bhd (*formerly known as* MIMB Investment Bank Bhd).

Lim Kwee Ong is a Member of Audit Committee, Remuneration and Nominating Committees.

Lim Kwee Ong does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company and has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

He has attended all the seven (7) Board Meetings held during the financial year ended 31 December 2012.

AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Lim Thian Loong
Chairman of the Audit Committee
(Independent Non-Executive Director)

Dr. Yang Ching Leng @ Chan Ah Kow
Audit Committee Member
(Independent Non-Executive Director)

Lim Kwee Ong
Audit Committee Member
(Independent Non-Executive Director)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Members

The Audit Committee shall be appointed from amongst the Board and shall consist of not less than three members. All Audit Committee members must be non-executive directors with a majority of them being independent directors.

At least one member of the Audit Committee must be:
(a) a member of the Malaysian Institute of Accountants (MIA); or
(b) if he is not a member of MIA, then he must have at least three (3) years working experience and:
    (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    (ii) he is a member of one (1) of the Associations specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
(c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Committee.

A quorum shall be majority of members who shall be the independent directors. In the event of any vacancy in the Committee resulting in non-compliance of the above, the Company must fill the vacancy within 3 months.

Chairman

The Chairman shall be elected by the Committee from among their members and must be an independent director. In the event the elected Chairman is not able to attend a meeting, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

Authority

Whenever necessary and reasonable for the performance of its duties, the Committee is empowered to undertake the following:
(i) have the authority to investigates any matters within its terms of reference;
(ii) has the necessary resources, including obtaining independent professional or other advice which are required to perform its duties;
(iii) has full and unrestricted access to any information and documents relevant to the Company’s activities;
(iv) has direct communication channels with the external auditors, any person(s) carrying out the internal audit function or activity and with the senior management of the Company and its subsidiaries;

AUDIT COMMITTEE REPORT

(v) able to obtains external legal or independent professional or other advice and secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
(vi) able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Duties and Responsibilities

The Audit Committee shall review and report to the Board on the following key matters:
(i) To review the appointment, resignation, conduct and audit plans of the Internal and External Auditors;
(ii) To review the assistance given by the employees of the Company to the Internal Auditors and the External Auditors;
(iii) To review the quarterly results and year end financial statements, prior to the approval by the Board;
(iv) To review any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
(v) To review and report to the Board of the state of the system of internal control of the Group.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2012, the Audit Committee:-

(i) Reviewed the progress of internal audit function against the approved audit plan;
(ii) Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management responses. The Committee also directed actions to be taken by management to rectify and improve the system of internal controls and procedures;
(iii) Reviewed the follow-up internal audit reports which highlighted on the corrective action plan taken by the management pertaining to the past internal audit reports;
(iv) Reviewed the audited financial statements for the year ended 31 December 2012 and unaudited quarterly financial results announcements of the Group, prior to the Board's approval;
(v) Reviewed with the External Auditors' audit plan, the scope of work and results of their examination together with the actions taken thereon; and
(vi) Reviewed Statement on Internal Control examined by the External Auditors.

ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2012. These meetings were fully attended by all the members of Audit Committee.

INTERNAL AUDIT FUNCTION

The Group had established an internal audit function. This function is outsourced to an internal audit services company and functionally, the lead internal auditor reports to the Committee directly.

The Committee reviews and approves the annual internal audit plan before the Internal Auditors carry out their functions. All audit findings are reported to the Committee and areas of improvement and audit recommendations identified are communicated to the management for further action.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2012 was RM60,000.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Eastland Equity Bhd ("Eastland" or "the Company") is pleased to report that for the financial year under review, the Company has continued to apply good governance practices in managing and directing the business of the Group by adopting the principles and the best practices prescribed in the latest Malaysian Code on Corporate Governance ("the Code") released by the Securities Commission Malaysia in March 2012. The key intent is to adopt the substance behind good governance and not merely the form, with the aim of ensuring Board's effectiveness in enhancing shareholders' value.

The Board has conducted a review of its current practices and proceedings against the principles and recommendations in the Code. The result of this review has been used as the basis for the Board in describing the application of the Principles and the extent of compliance with the Best Practices advocated therein in compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board of Directors

It is the overall governance responsibilities of the Board to lead and control the Group. The Board oversees the business directions, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the Code, which facilitate the discharge of the Board's stewardship responsibilities. The Board has retained its authority of approval on significant matters covering such as the corproate exercises, shareholders' and corporate communication and governance matters, award of contract, acquisition and disposal of assets.

When implementing the business plan, the Executive Directors are responsible for executing operational and corporate decisions made by the Board while the Non-Executive Directors play an important role in corporate accountability by providing unbiased and independent views, advice and judgment in safeguarding the interests of the shareholders.

Presently, the Board has seven (7) members comprising one (1) Independent Non-Executive Chairman, three (3) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board includes sufficient number of independent, executive and non-executive directors as prescribed by the Listing Requirements of Bursa Securities.

A description of the background of each director is presented on pages 9 to 11.

Board Charter

The Board Charter sets out the Board's strategic intent and outlines the Board's roles and Responsibilities. The Board Charter is available at the company's website www.eeb.com.my.

Supply of Information

The Board is provided with appropriate and current information to enable it to discharge its duties effectively. The management is invited to attend the Board and Audit Committee meetings and to provide explanations to the Board on the operations of the Group. In addition, the Board is also briefed progressively by the Company Secretary, External Auditors and the Internal Auditors on new or changes in corporate regulatory and listing requirements.

The Board recognises the importance for reviewing and overseeing the conduct of the business. This will ensure that the business is being properly managed and controlled. Progressively, the performance of the Group's stragtegic actions are reviewed by the Board in consideration of the quarterly financial results, project's progress reports and explanations provided by the management as a benchmark of management's performance.

The Board has unrestricted and timely access to all information necessary for the discharge of its responsibilities. All Directors have access to the services and advice of the Company Secretary, management staff. Subject to Board's approval, all Board members could seek independent professional advices when necessary in furtherance their responsibilities, at the expense of the Group.

STATEMENT OF CORPORATE GOVERNANCE

Board Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statements, the Annual Report as well as to review the performance of the company and its operating subsidiaries, governance matters and other business development matters. Board papers are circulated to the Board members prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to have proper deliberation on issues raised during Board meetings.

During the financial year, seven (7) Board meetings were held. The details of attendance of the members are as below.

Director	24 February 2012 (1205 hrs)	26 April 2012 (1205 hrs)	14 May 2012 (1225 hrs)	16 August 2012 (1330 hrs)	20 September 2012 (1110 hrs)	22 November 2012 (1200 hrs)	20 December 2012 (1045 hrs)	Total Meeting Attended
Dato' Faruk Bin Othman	√	√	√	√	√	√	√	7/7
Dato' Lim Hong Sang	√	√	√	√	√	√	√	7/7
Dato' Tan Kok Hwa (Deceased on 2 October 2012)	√	√	√	√	√	N/A	N/A	5/5
Sydney Lim Tau Chin	√	√	√	√	√	√	-	6/7
Yong Yeow Wah	√	√	√	√	√	√	√	7/7
Dr. Yang Ching Leng@ Chan Ah Kow	√	√	√	√	√	√	√	7/7
Lim Thian Loong	√	√	√	√	√	√	√	7/7
Lim Kwee Ong	√	√	√	√	√	√	√	7/7

All Board members have access to the advice and service of the Company Secretaries. Primarily, the Companies Secretatries administer, attend, prepare minutes of the Board and Board committees meetings; ensure that Board procedures are followed; and advise the Board in repect of compliance issues.

The Board maintains specific Board committees namely Audit Committee, Nominating Committee and Remuneration Committee. These Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific Board agenda. However, in order to ensure the direction and control of the Group is firmly within the Board, the Board has defined the terms of reference for each Committee. The Chairman of the respective Board Committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

Appointment To The Board

The Nominating Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new directors to the Board. The current members of the Committee are made up of fully independent non-executive directors. The composition of the Nominating Committee is as follows:

Chairman	:	Dr. Yang Ching Leng @ Chan Ah Kow (Chairman)	*(Independent Non-Executive Director)*
Member	:	Lim Thian Loong	*(Independent Non-Executive Director)*
Member	:	Lim Kwee Ong	*(Independent Non-Executive Director)*

STATEMENT OF CORPORATE GOVERNANCE

Functionally, the Nominating Committee is responsible for reviewing and making recommendation of any appointments to the Board for approval based on the size of the Board, the mix of skills and experience and other qualities of the candidates. The Nominating Committee assists the Board in reviewing the composition of the Board members annually and ensures that the current composition of the Board functions competently. The Board is supportive of the gender diversity policy and gives due consideration in balancing its gender composition in the Board vis-a-vis the Group business portfolio.

During the financial year, the Nominating Committee conducted two (2) meetings.

Board Independence

Independence is important for ensuring objectivity and fairness in Board's decision making. The roles and responsibilities of the Chairman and Managing Director continue to be separated and the Chairman of the Board is an Independent Director.

The Board had identified Dr. Yang Ching Leng @ Chan Ah Kow to act as the Senior Independent Director to provide shareholders with an alternative to convey their concerns and seek clarifications from the Board.

Going forward, in order to uphold independence of Independent Directors, the Board has adopted the following policies:-

i. Subject to Board justification and shareholders' approval, tenure of Independent Directors should not exceeed a cummulative nine (9) years; and

ii. Annual assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to Board deliberation and the regulatory definition of Independent Directors.

Directors' Training

The Directors recognise the needs to attend trainings to enable the directors to discharge their duties effectively. The training needs of each Director would be identified and proposed by the individual Director and Nominating Committee. The Directors' Training details are as followings:

No.	Director	Training Attended
1	Dato' Faruk Bin Othman *Independent Non-Executive Chairman*	• Corporate Governance and Related Party Transactions
2	Dato' Lim Hong Sang *Executive Deputy Chairman*	• Corporate Governance and Related Party Transactions
3	Sydney Lim Tau Chin *Managing Director*	• Corporate Governance and Related Party Transactions
4	Yong Yeow Wah *Executive Director*	• Corporate Governance and Related Party Transactions
5	Dr. Yang Ching Leng @ Chan Ah Kow *Independent Non-Executive Director*	• Corporate Governance and Related Party Transactions
6	Lim Thian Loong *Independent Non-Executive Director*	• Corporate Governance and Related Party Transactions • 2013 Budget Seminar – Highlights & Implications • Business Sustainability – Making a Difference in Performance
7	Lim Kwee Ong *Independent Non-Executive Director*	• Corporate Governance and Related Party Transactions • Global Issues Influencing the Capital Market – 2012 Outlook

STATEMENT OF CORPORATE GOVERNANCE

Re-election / Re-appointment of Directors

Director re-election provides an opportunity for shareholders to review the directors' performance and renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

Pursuant to Section 129(6) of the Companies Act, 1965, Director over the age of seventy (70) years shall retires at every AGM and may offers himself for re-appointment to hold office until the next AGM.

These requirements been adhered to by the Board in every AGM. Profile of directors standing for election covering their details of profession, meeting attendance, directorships in other public companies and shareholdings in the Group are summarised in the Statement Accompanying the Notice of AGM.

Directors' Remuneration

The remuneration of the Executive Directors and Non-Executive Directors are reviewed by the Remuneration Committee and the Board respectively. All directors play no part in the decision of their own remuneration.

The members of the Remuneration Committee are:

Chairman	:	Lim Thian Loong	*(Independent Non-Executive Director)*
Member	:	Dr. Yang Ching Leng @ Chan Ah Kow	*(Independent Non-Executive Director)*
Member	:	Lim Kwee Ong	*(Independent Non-Executive Director)*

The Committee considers the principles recommended by the Code in determining the directors' remuneration, whereby, the executive directors' remuneration is designed to link rewards to the Group's performance whilst the remuneration of the non-executive directors is determined in accordance with their experience and the level of responsibilities assumed.

During the financial year, the Remuneration Committee had conducted a meeting to review the remunerations of the Executive Directors.

The number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive
RM50,000 and below	-	3
RM50,001 – RM100,000	-	1
RM100,001 – RM200,000	1	-
RM200,001 – RM250,000	1	-
RM400,001 – RM450,000	2	-
Total	4	4

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Fees* (RM)	Salaries (RM)	Benefit-in-kind/ Allowance (RM)	Total (RM)
Executive Directors	-	1,206,055	23,000	1,229,055
Non-Executive Directors	132,000	-	7,000	139,000
Total	132,000	1,206,055	30,000	1,368,055

**Subject to the approval by shareholders at the AGM.*

STATEMENT OF CORPORATE GOVERNANCE

Financial Reporting

The Board is responsible to ensure that the quarterly financial reporting of the Company presents a fair and balance view and assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing and scrutinising the information in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

As part of the Audit Committee review processes, the Audit Committee has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

Risk Management

The Board acknowledges that risk management is an integral part of good management practices. Risk is inherent in all business activities. It is, however, not the Group's objective to eliminate risk totally, but to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

In order to formalise the present risk management and internal control systems in the Group, the Board would work with the management in defining and approving the Group's Risk policy and Board risk tolerance.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and they are responsible for conducting regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls and processes within the Group. Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control on pages 20 to 21.

Corporate Disclosure

Corporate disclosure and information are important for investors and shareholders. The Board is advised by the management, the Company Secretary and the External and Internal Auditors on the contents and timing of disclosure requirements of the Main Market Listing Requirements on the financial results and various announcements. The management is invited to attend the Board and Audit Committee meetings and to provide explanations to the Board on the operations of the Group.

The Board leverages on its corporate website to communicate, disseminate and add depth to the governance reporting. The Board charter would be published in the corporate website. Other principal governance information such as committees' terms of reference and directors' profile would also be transferred from Annual Report and published in the website to avoid dilution of issues in the Annual Report or various announcements.

STATEMENT OF CORPORATE GOVERNANCE

Shareholders' Right

The Annual General Meeting is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions regarding the proposed resolutions at the meeting as well as on matters relating to the Group's businesses and affairs. The Chairman and the Board members are in attendance to respond to shareholders' queries.

The Board communicates regularly with its shareholders, stakeholders and investors on the performance and major developments in the Group. This is achieved through timely releases of quarterly financial results, circulars, Annual Reports, corporate announcement and press releases. In addition to the various announcements made during the period, information on the Company is available on the Company's website at www.eeb.com.my.

The Company would respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when requested. General meetings are an important avenue through which shareholders can exercise their rights. The Board would ensure suitability of venue and timing of meeting and undertake other measures to encourage Shareholders' participation in the meetings. Shareholders are reminded that they have the right to demand a poll vote at general meetings. Also, effective 1 June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval.

Directors' Responsibility Statement

The Directors are responsible for ensuring that:

I. The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable MFRS, International Financial Reporting Standards, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year and of the results and cash flows of the Group and of the Company for the financial year, and

II. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31 December 2012, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that the statements are prepared on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future and all relevant approved accounting standards have been followed in the preparation of the financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement of Risk Management and Internal Control is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad with regard to the disclosure of the Group's state of risk management and internal control. In making this Statement, the Board is guided by the latest "Statement on Risk Management and Internal Control – Guideline for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of the Bursa Securities.

BOARD RESPONSIBILITIES

The Board acknowledges that risk management and systems of internal control are integral parts of corporate governance and believes that its focus on effective risk oversight is critical to set the right tone and culture towards effective risk management and internal control systems in the Group.

Principally, the responsibilities of the Board as provided in the Guideline, for risk governance and controls are:

- Embed risk management in all aspects of the company's activities;
- Define and approve the Board's acceptable risk appetite; and
- Review risk management framework, processes, responsibilities and assessing whether the present systems provide reasonable assurance that risks are managed within tolerable ranges.

The Board understands the principal risks of the business that the Group is engaged in and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders. The Board reviews and discusses the business and operational risks with the Management as well as the measures of controls taken by the Management to mitigate and manage risks.

RISK MANAGEMENT AND INTERNAL CONTROL

The key elements of the Group's risk management and internal control systems as well as the review mechanism are described below:

- The Board and management team carry out meetings and discussions in monitoring the operational and performance of the key projects in the Group. Action plans are formulated to ensure risks are mitigated and projected targets are achieved.
- Delegation and separation of responsibilities between the Board and the management are in place. Presently, the Executive Directors are fully responsible for the management and performance of the operations and shall report to the Board during the Board meetings. In the Board meeting, The Executive Directors' responsibilities and authority limits are scrutinized by the Board to ensure its effectiveness;
- The annual budget of the hotel operation and profit forecast of a key subsidiary were formulated and presented by the Board. Quarterly, the Board reviews the operation performance and variances against these budget and forecast through management reports presented by the Executive Director and facilitated by the Audit Committee Chairman on the deliberation of the variances;
- The Audit Committee reviews on the unaudited quarterly financial results to monitor the Group's progress towards achieving the Group's objectives; and
- The present of internal audit function to assist the Audit Committee and the Board in conducting independent assessment on the internal control systems and the governance practices. The Internal Auditors undertake their periodic reviews in accordance with the audit plan and scope approved by Audit Committee. Periodic Board and Audit Committee meetings are held to assess and deliberate on the corporate, operational and audit matters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa's Guidelines, management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies implementing, maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

Before producing this Statement, the Board has received an assurance from the Group Managing Director who is also Chief Financial Officer that, to the best of his knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in the material aspects.

BOARD ASSURANCE AND LIMITATION

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. For the financial year under review, the Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control problem that would require separate disclosure in the Annual Report.

Nonetheless, the Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. It should also be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Review of Statement on Internal Control by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this annual report for the year ended 31st December 2012 and 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 and Management have adopted in reviewing of the adequacy and integrity of internal controls of the Group.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year.

2. SHARE BUY BACKS

The Company did not enter into any share buyback transactions during the financial year.

3. OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year.

4. DEPOSITORY RECEIPT PROGRAMME

There were no depository receipt programme sponsored by the Company.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors and management by the relevant regulatory bodies which have material impact on the operations or financial position of the Group during the financial year.

6. NON-AUDIT FEE

Non audit fees amounting to RM8,000/- were incurred during the financial year ended 31 December 2012 in respect to the review of Statement of Risk Management and Internal Controls and review of Supplementary Information on the Disclosure of Realised and Unrealised Profit or Loss by the Company's auditors.

7. VAIRATION IN RESULTS

There was no variation in the financial results of 10% or more from unaudited results announced.

8. MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2012 or entered into since the end of the previous financial year.

9. PROFIT GUARANTEES

(a) Eastern Biscuit Factory Sdn. Bhd.

There was a shortfall in profit of RM6.393 million and RM13.834 million for the year ended 31st December 2004 and 2005 respectively guaranteed by the vendors of Eastern Biscuit Factory Sdn. Bhd. ("EBF"), a wholly-owned subsidiary pursuant to the Restructuring Exercise of Austral Amalgamated Berhad. The vendors of EBF are Teong Hoe Holding Sdn. Bhd. ("THHSB"), Forad Management Sdn. Bhd. and Dato' Tan Kok Hwa ("DTKH").

On 22nd January 2007, Universal Trustee (Malaysia) Berhad, the stakeholder for the profit guaranteed pledge shares, completed disposal of Security Shares with total proceeds of RM1.42 million. The profit shortfall after the disposal of Security Shares is RM18.83 million.

THHSB and DTKH ("New Guarantors") have proposed to settle the shortfall with a higher profit guarantee amount i.e. the cumulative audited profit before tax of EBF shall not be less than RM21.66 million for the financial year ended 31st December 2010 and 2011 and 2012 ("Profit Guarantee Period") whereby the audited profit before tax of EBF for financial year ended 31st December 2010 and 2011 shall not be less than RM5 million, respectively ("Proposed Variations").

The Proposed Variations have been approved by the shareholders of the Company at the Extraordinary General Meeting dated 21st December 2009.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

9. PROFIT GUARANTEES

(a) Eastern Biscuit Factory Sdn. Bhd. (cont'd)

EBF has recorded a profit before tax amounting to RM8,334,735/- during the financial year ended 31 December 2012 (2011: RM7,897,567/-).

The Profit Guarantee Period has expired on 31 December 2012 with total aggregate audited profit before tax for the Profit Guarantee Period amounting to RM21.97 million which has exceeded the profit guarantee amount of RM21.66 million.

Corporate Social Responsibility

In year 2012, the Group continued to express its care for environment and to society at large. The Group participated in various program through Renaissance Hotel Kota Bharu Spirit to Serve activities. Among others, the following programs had been carried out in year 2012 :

1. Helping the Needy

- House restoration for a single mother with 6 children living in an old house which was infested with termites, leaking roof-top and no furniture. The house was repaired and funds was collected to buy basic furniture and food and sundry items for the family.

2. Blood Donation Drive

- Collaborated with Hospital Raja (P) Zainab 2, Kota Bharu twice for a blood donation campaign. A total of 67 pints of blood were collected.

3. Donation to Hurricane Sandy Fund

- The Hotel collected RM1,000 for the Hurricane Sandy Fund relief effort.

4. Donation to Yayasan Orang Kurang Upaya Kelantan

- Sponsored 10 kg Birthday Cake for the Carnival of Yayasan Orang Kurang Upaya Kelantan. This yearly carnival brought together 300 disabled children from all over Kelantan for some fun and games.

5. Make My Wish Come True

- In the spirit of Christmas, the Hotel organised “Make My Wish Come True” project where 252 wish cards were hung up at the Hotel’s Christmas tree at the lobby. The wish cards were collected from school children from lower income family, each wish card carried the name of the child with details of items needed. Guests and well wishers could pick up the cards and help fulfill the wishes of the children. The Hotel managed to collect 252 packages containing school necessities and distributed to the children.

6. Breaking of Fast with orphans

- Sponsored 186 under-privileged children and orphans from Sekolah Menengah Kebangsaan Jelawat, Bachok and Yayasan Kebajikan Anak-anak Yatim Kelantan orphanage for breaking of fast at the Hotel. The orphans were also given Duit Raya at the event.

The Group is committed to continue the tradition of being a good corporate citizen who appreciate the environment and care for the community at large.

Financial Statements

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 14 and 15 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

CHANGE OF NAME

On 21 June 2012, the Company changed its name from Furqan Business Organisation Berhad to Eastland Equity Bhd.

RESULTS

	Group RM	Company RM
Profit/(loss) for the financial year, net of tax	1,306,852	(2,525,493)
Other comprehensive income	(19,196)	(19,196)
	1,287,656	(2,544,689)
Attributable to:-		
Owners of the Company	1,287,656	(2,544,689)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2012.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

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 to ascertain that 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 adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that 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.

DIRECTORS' REPORT

CURRENT ASSETS

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

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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 of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS' REPORT

DIRECTORS

The directors in office since the date of the last report are:-

Dato' Faruk Bin Othman
Dato' Lim Hong Sang
Sydney Lim Tau Chin
Yong Yeow Wah
Yang Ching Leng @ Chan Ah Kow
Lim Thian Loong
Lim Kwee Ong
Dato' Tan Kok Hwa - Deceased on 2.10.2012

In accordance with Article 84 of the Company's Articles of Association, Dato' Faruk Bin Othman, and Lim Kwee Ong, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dr. Yang Ching Leng @ Chan Ah Kow, being over seventy years of age, retire in accordance with Section 129 of the Companies Act, 1965 in Malaysia and offers himself for re-appointment in accordance with Section 129(6) of the Companies Act, 1965 in Malaysia to hold office until the conclusion of the next Annual General Meeting of the Company.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31 December 2012 are as follows:-

	Number of ordinary shares of RM0.50/- each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
The Company				
Direct interest				
Estate of Dato' Tan Kok Hwa	91,228	-	-	91,228
Dato' Lim Hong Sang	-	1,999,200	-	1,999,200
Indirect interest				
Sydney Lim Tau Chin*	18,006,430	-	40,000	17,966,430
Estate of Dato' Tan Kok Hwa **	37	-	-	37

* Indirect interest by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd.
** Indirect interest by virtue of his interest in Teong Hoe Holding Sdn. Bhd.

Other than as stated above, the other directors in office at the end of the financial year had no interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the Company or any of its related corporations 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.

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

………………………………..
DATO' LIM HONG SANG
Director

……………………………..
SYDNEY LIM TAU CHIN
Director

Kuala Lumpur

Date: 29 April 2013

STATEMENT BY DIRECTORS

We, **DATO' LIM HONG SANG** and **SYDNEY LIM TAU CHIN**, being two of the directors of Eastland Equity Bhd., do hereby state that in the opinion of the directors, the financial statements set out on pages 33 to 94 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year ended on that date in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The supplementary information set out on Page 95 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

…………………………………………..
DATO' LIM HONG SANG
Director

…………………………………………..
SYDNEY LIM TAU CHIN
Director

Kuala Lumpur

Date: 29 April 2013

STATUTORY DECLARATION

I, **SYDNEY LIM TAU CHIN**, being the director primarily responsible for the financial management of Eastland Equity Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 33 to 94 and the supplementary information set out on page 95 are 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 in Malaysia.

……………………………………
SYDNEY LIM TAU CHIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 April 2013.

Before me,

ZULKIFLA MOHD DAHLIM (No. W541)
Commissioner for Oaths
Kuala Lumpur, Wilayah Persekutuan

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD.

Report on the Financial Statements

We have audited the financial statements of EASTLAND EQUITY BHD., which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 94.

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 the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company'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 Company's internal controls. 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 at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the following:

i) As disclosed in Note 38 to the financial statements, included in contingent liabilities is an amount of RM40,822,985/- which represent the remaining outstanding balance of the Guaranteed Non-Secured Term Loan of a former subsidiary, Crystal Oblique Sdn. Bhd. ("COSB"), direct subsidiary of Austral Amalgamated Berhad ("AAB") which is owing to Pengurusan Danaharta Nasional Berhad ("Danaharta"). In the previous financial year, on 10 December 2010, the Company had disposed of the entire equity interest in AAB to a party for a total consideration of RM2/-. The directors of the Company are of the view that the outstanding amount are considered to be resolved as part of the settlement agreement with Danaharta who will not demand for repayment on the outstanding amount. However, the Company is contingently liable on the credit facilities granted to COSB and the new buyer is fully aware of the scheme arrangements that have been made with the creditors and have agreed and consented to the same.

ii) As disclosed in Note 21(b) to the financial statements, included in other receivables is an amount totalling RM9,360,000/- (2011: RM9,360,000/-) which represents advances to a former contractor. The former contractor had on 18 April 2013 agreed to enter into a settlement agreement to agree on terms to settle the said amount within the next 12 months. The directors are of the opinion that a settlement agreement with the former contractor will be successfully completed and implemented to recover the outstanding amount and therefore no impairment is required for the financial year ended 31 December 2012.

We have considered the above matters are of such importance that is fundamental to the understanding of the financial statements and draw your attention to it, but our opinion is not qualified in this respect.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD.

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 Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

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 auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 95 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 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 ("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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/14 (J/PH)
Partner

Kuala Lumpur

Date: 29 April 2013

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Continuing Operations					
Revenue	4	36,091,457	77,205,054	36,000	647,650
Other operating income					
- Gain on disposal of investment in subsidiaries		-	1,025,656	-	3,679,827
- Allowance for impairment no longer required		-	-	20,428	-
- Reversal of provision for liabilities		-	4,600,000	-	-
- Waiver of term loan interest		-	9,663,814	-	-
- Others		8,067	846,146	69,563	156,869
Staff costs					
- Hotel operations		(4,373,915)	(4,097,707)	-	-
- Others		(1,344,018)	(1,435,332)	(471,351)	(408,718)
Directors' remuneration		(1,338,055)	(1,456,075)	(535,200)	(568,833)
Finance costs (net)	6	(333,329)	(802,208)	26,768	(3,251)
Property development expenditure	19	(4,468,841)	(4,902,482)	-	-
Cost of investment properties sold		-	(33,000,000)	-	-
Consumables used		(3,129,910)	(3,095,727)	-	-
Depreciation of property, plant and equipment		(619,021)	(618,304)	(328,408)	(342,548)
Provision for liabilities		(730,720)	(678,825)	-	-
Other operating expenses		(16,070,902)	(24,360,316)	(1,343,293)	(7,055,992)
Profit/(Loss) before income tax expense	7	3,690,813	18,893,694	(2,525,493)	(3,894,996)
Income tax expense	8	(2,155,661)	(1,862,956)	-	-
Share of result of associate		(228,300)	(148,511)	-	-
Profit/(Loss) for the financial year from continuing operations		1,306,852	16,882,227	(2,525,493)	(3,894,996)
Discontinued Operations					
Profit from discontinued operations, net of tax	9	-	29,681	-	-
Profit/(Loss) for the financial year		1,306,852	16,911,908	(2,525,493)	(3,894,996)
Other comprehensive income					
Net (loss)/gain on fair value changes on available for sale financial assets		(19,196)	15,078	(19,196)	15,078
Total comprehensive income/(loss) for the financial year		1,287,656	16,926,986	(2,544,689)	(3,879,918)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (Continued)

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) attributable to:-					
Owners of the Company		1,306,852	16,911,908	(2,525,493)	(3,894,996)
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		1,287,656	16,926,986	(2,544,689)	(3,879,918)
Earning per ordinary share attributable to Owners of the Company (Sen)	10				
Basic, for profit from continuing operations		0.59	7.56		
Basic, for profit from discontinued operations		-	0.01		
Basic, for profit for the financial year		0.59	7.57		
Diluted		0.59	7.57		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	15,520,603	16,043,292	352,530	680,098
Investment properties	12	83,607,000	83,607,000	-	-
Prepaid land lease payments	13	7,100,020	7,195,864	-	-
Investment in subsidiaries	14	-	-	197,524,996	197,529,271
Investment in associate	15	-	228,300	-	400,000
Other investments	16	474,937	494,133	474,937	494,133
Land held for development	17	2,000,000	2,000,000	-	-
Total Non-Current Assets		108,702,560	109,568,589	198,352,463	199,103,502
Current Assets					
Property development expenditure	19	23,574,124	20,273,712	-	-
Inventories	20	5,484,163	5,488,777	-	-
Financing receivables	18	11,769,642	13,046,749	-	-
Trade and other receivables	21	22,719,764	14,589,463	79,118	120,040
Accrued billing		-	1,379,670	-	-
Tax recoverable		984,370	792,311	-	-
Amount owing by subsidiaries	22	-	-	27,264,012	29,932,443
Deposits placed with licensed banks	23	3,096,815	2,981,772	1,672,500	1,500,000
Cash and bank balances	24	3,612,751	4,842,299	41,755	206,738
Total Current Assets		71,241,629	63,394,753	29,057,385	31,759,221
Non-current assets held for sale	25	121,325,206	121,325,206	850,000	850,000
		192,566,835	184,719,959	29,907,385	32,609,221
TOTAL ASSETS		301,269,395	294,288,548	228,259,848	231,712,723

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (Continued)

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	26	111,667,288	111,667,288	111,667,288	111,667,288
Capital reserve	27 (a)	110,238,037	110,238,037	110,238,037	110,238,037
Fair value reserve	27 (b)	17,136	36,332	17,136	36,332
Accummulated losses		(58,355,367)	(59,662,219)	(22,836,694)	(20,311,201)
Total Equity		163,567,094	162,279,438	199,085,767	201,630,456
Non-Current Liabilities					
Hire-purchase payables	28	143,365	304,031	143,365	304,031
Term loans	29	4,404,942	4,382,580	-	-
Deferred tax liabilities	30	13,791,333	12,724,992	-	-
Total Non-Current Liabilities		18,339,640	17,411,603	143,365	304,031
Current Liabilities					
Trade and other payables	31	78,483,154	77,937,712	105,199	161,212
Provisions for liabilities	32	29,673,941	30,387,561	28,685,500	28,965,500
Hire-purchase payables	28	160,666	227,687	160,666	227,687
Accrued billing		3,438,789	-	-	-
Term loan instruments	33	3,137,247	3,165,805	-	-
Term loans	29	3,948,988	2,358,866	-	-
Tax payable		519,876	519,876	-	-
Amount owing to a subsidiary	22	-	-	79,351	423,837
Total Current Liabilities		119,362,661	114,597,507	29,030,716	29,778,236
Total Liabilities		137,702,301	132,009,110	29,174,081	30,082,267
TOTAL EQUITY AND LIABILITIES		301,269,395	294,288,548	228,259,848	231,712,723

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Attributable to owners of the Company						
		Non-Distributable				Distributable	
Group	Share Capital RM	Revaluation Reserve RM	Fair value Reserve RM	Disposal group classified as held for sale RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2011	111,667,288	-	21,254	100,590	110,238,037	(76,574,127)	145,453,042
Realisation of fair value reserves for disposal group	-	-	-	(100,590)	-	-	(100,590)
Total comprehensive income for the financial year	-	-	15,078	-	-	16,911,908	16,926,986
At 31 December 2011	111,667,288	-	36,332	-	110,238,037	(59,662,219)	162,279,438
Total comprehensive income for the financial year	-	-	(19,196)	-	-	1,306,852	1,287,656
At 31 December 2012	111,667,288	-	17,136	-	110,238,037	(58,355,367)	163,567,094

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (Continued)

	← Attributable to owners of the Company →				
		Non-Distributable		Distributable	
Company	**Share Capital RM**	**Capital Reserve RM**	**Fair Value Adjustment Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 January 2011	111,667,288	110,238,037	21,254	(16,416,205)	205,510,374
Total comprehensive income for the financial year	-	-	15,078	(3,894,996)	(3,879,918)
At 31 December 2011	111,667,288	110,238,037	36,332	(20,311,201)	201,630,456
Total comprehensive loss for the financial year	-	-	(19,196)	(2,525,493)	(2,544,689)
At 31 December 2012	111,667,288	110,238,037	17,136	(22,836,694)	199,085,767

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES :				
Profit/(Loss) before income tax expense				
- Continuing operations	3,690,813	18,893,694	(2,525,493)	(3,894,996)
- Discontinued operations	-	29,681	-	-
Adjustments for:				
Allowance for impairment on amount owing by subsidiaries no longer required	-	-	(20,428)	-
Bad debts recovered	-	(60,000)	-	-
Gain on disposal of:				
- Investment in subsidiaries	-	(1,025,656)	-	(3,679,827)
Interest income from:				
- Continuing operations	(103,916)	(82,618)	(53,919)	(38,415)
- Discontinued operations	-	(1)	-	-
Waiver of term loan interest	-	(9,663,814)	-	-
Property, plant and equipment	-	2,497	-	2,497
Impairment loss:				
- Investment in subsidiaries	-	-	4,275	23,733
- Investment in associates	-	-	400,000	-
Interest expenses:				
- Continuing operations	437,245	884,826	27,151	41,666
- Discontinued operations	-	16,617	-	-
Allowance for impairment	1,564,858	10,617,618	243,909	6,262,229
Depreciation of property, plant and equipment:				
- Continuing operations	619,021	618,304	328,408	342,548
- Discontinued operations	-	91,305	-	-
Amortisation of prepaid lease payments	95,844	95,844	-	-
Reversal of provision for liabilities	-	(3,921,175)	-	-
Unrealised loss on foreign currency exchange				
- Discontinued operations	-	11,367	-	-
	6,303,865	16,508,489	(1,596,097)	(940,565)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (Continued)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Changes in Working Capital :				
Property development expenditure	1,532,548	3,795,029	-	-
Non current assets held for sale	-	33,000,000	-	-
Inventories	4,614	(81,924)	-	-
Lease and hire-purchase receivables	(245,393)	1,752,361	-	-
Trade and other receivables	(8,172,659)	(3,690,986)	16,537	129,862
Trade and other payables	545,442	(6,601,823)	(56,013)	(55,067)
Provision for liabilities	(713,620)	(353,975)	(280,000)	(26,000)
	(745,203)	44,327,171	(1,915,573)	(891,770)
Income tax (paid)/refund				
- Continuing operations	(1,281,379)	(214,674)	-	-
- Discontinued operations	-	(12,000)	-	-
Net Operating Cash Flows	(2,026,582)	44,100,497	(1,915,573)	(891,770)

CASH FLOWS FROM INVESTING ACTIVITIES:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Purchase of property, plant and equipment (Note B)	(96,332)	(36,627)	(840)	(1,411)
Proceeds from disposal of property, plant and equipment	-	50,604	-	50,604
Additions investment in subsidiaries	-	-	-	(12,260,000)
Proceeds from disposal of subsidiaries	-	-	-	6,900,000
Net cash inflow/(outflow) from disposal of subsidiaries (Note A)	-	6,388,390	-	-
Deposits held as security value	(27,264)	(22,690)	-	-
Interest received:				
- Continuing operations	103,916	82,618	53,919	38,415
- Discontinued operations	-	1	-	-
Net Investing Cash Flows	(19,680)	6,462,296	53,079	(5,272,392)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (Continued)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM FINANCING ACTIVITIES :				
Repayment of term loan instruments	(28,558)	(40,512,282)	-	-
Repayment of term loans	(2,797,961)	(2,299,306)	-	-
Drawdown of term loans	4,395,944	-	-	-
Drawdown of short term borrowings	-	(7,500,000)	-	-
Interest paid:				
- Continuing operations	(437,245)	(884,826)	(27,151)	(41,666)
- Discontinued operations	-	(16,617)	-	-
Payment of hire-purchase payables	(227,687)	(346,940)	(227,687)	(297,570)
Amount owing by subsidiaries	-	-	2,124,849	5,892,170
Net Financing Cash Flows	904,493	(51,559,971)	1,870,011	5,552,934
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,141,769)	(997,178)	7,517	(611,228)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	6,988,940	7,986,118	1,706,738	2,317,966
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5,847,171	6,988,940	1,714,255	1,706,738
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	3,400,335	4,634,075	41,755	206,738
Housing Development Account	212,416	208,224	-	-
Deposits placed with licensed banks	3,096,815	2,981,772	1,672,500	1,500,000
	6,709,566	7,824,071	1,714,255	1,706,738
Less: Deposits held as security value	(862,395)	(835,131)	-	-
	5,847,171	6,988,940	1,714,255	1,706,738

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011 (Continued)

A. SUMMARY OF EFFECTS ON DISPOSAL OF SUBSIDIARIES

2011

On 18 April 2011, the Group and the Company disposed off the entire interest in the following direct/indirect subsidiaries to a third party for a total consideration of RM6,900,000/-.

(a) Discover Orient Holidays Sdn. Bhd.
(b) Discover Orient Holidays Limited

The effects of the disposal of subsidiaries on the financial results of the Group are as follows:-

	2011 RM
Revenue	6,161,990
Ticketing and tour arrangement costs	(5,511,786)
Finance costs (net)	(16,616)
Depreciation of property, plant and equipment	(91,305)
Other operating expenses	(512,602)
Profit before tax expense	29,681
Income tax credit	-
Net profit for the financial year	29,681
Property, plant and equipment	1,886,752
Trade and other receivables	4,886,093
Cash and bank balances	485,377
Deposit placed with a licensed bank	26,233
Tax recoverable	31,730
Trade payables	(2,385,007)
Other payables and accruals	(688,555)
Term loans	(198,338)
Hire purchase payables	(775,063)
Net assets/(liabilities) disposed	3,269,222
Revaluation reserve	(100,590)
Goodwill	2,705,712
	5,874,344
Disposal consideration	6,900,000
Gain on disposal of subsidiaries	(1,025,656)
Cash flows effect:-	
Total proceeds from disposal - cash considerations	6,900,000
Cash and cash equivalents of subsidiaries disposed	(511,610)
Net cash inflow on disposal	6,388,390

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 14 and 15 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The registered office of the Company is located at No.1&1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No.24, Jalan 8/23E, Taman Danau Kota, Setapak, 53300 Kuala Lumpur, Malaysia.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment 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.

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

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:

<u>Revised FRSs</u>

FRS 124	Related Party Disclosures

<u>Amendments/Improvements to FRSs</u>

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 112	Income Taxes

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (Continued)

(a) Adoption of Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Continued)

New IC Int

IC Int 19	Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Int

IC Int 14	FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

Revised FRS 124 Related Party Disclosures

The revised FRS 124 simplifies and clarifies the definition of related party and eliminates inconsistencies from the definition. The Revised FRS 124 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person’s family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduced a partial exemption from disclosures for government-related entities. Prior to this, no disclosure of transactions is required in financial statements of state-controlled entities of transactions with other state-controlled entities. The additional disclosures are intended to draw attention to users that such related party transactions have occurred and to give an indication of their extent. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

The Group and the Company have adopted the revised FRS124 retrospectively. These revised disclosures, including the related revised comparative information are shown in Note 35 to the financial statements. As this is a disclosure standard, the standard has no impact on the financial position and performance of the Group and the Company.

Amendments to FRS 7 Financial Instruments: Disclosures

These amendments to FRS 7 requires disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. The additional disclosures will help users of financial statements to evaluate the risk of exposures relating to transfer of financial assets and the effect of those risks on an entity’s financial position.

Amendments to FRS 112 Income Taxes

This amendment to FRS 112 addresses the measurement approach for deferred tax assets and liabilities in respect of investment properties which are measured at fair value. The amendment introduces a rebuttable presumption that the investment property is recovered entirely through sale. In such cases, deferred tax assets or liabilities are provided at tax rates applicable when recovering the property entirely through sale. If this presumption is rebutted, deferred tax assets or liabilities are provided based on tax rates applicable when consuming substantially the economic benefits embodied in the property over a period of time (for example via rental income).

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(a) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (Continued)

New IC Int 19 Extinguishing Financial Liabilities with Equity Instruments

This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. It does not address the accounting by the creditor.

IC Int 19 will standardise practice among debtors applying FRSs to a debt for equity swap. This interpretation clarifies that the equity instruments issued shall be measured at their fair value. If the fair value cannot be reliably measured, the equity instruments shall be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished, and the consideration paid, shall be recognised in profit or loss. When only part of the financial liability is extinguished and if part of the consideration paid does relate to a modification of the terms of the remaining part of the liability, the entity shall allocate the consideration paid between the part of the liability extinguished and the part of the liability that remains outstanding. A substantial modification of the terms of an existing financial liability or a part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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

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

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Revised FRSs		
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
FRS 7	Financial Instruments: Disclosures	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
FRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
FRS 116	Property, Plant and Equipment	1 January 2013
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
FRS 134	Interim Financial Reporting	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

		Effective for financial periods beginning on or after
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

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

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

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

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 9.

FRS 10 brings about convergence between FRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

FRS 11 Joint Arrangements

FRS 11 supersedes the former FRS 131 Interests in Joint Ventures. Under FRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for its using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

FRS 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

FRS 13 Fair Value Measurement

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

FRS 128 Investments in Associates and Joint Ventures (Revised)

This revised FRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised FRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with FRS 9.

Amendments to FRS10, FRS12 and FRS127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with FRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements.

(c) MASB Approved Accounting Standards, MFRSs

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

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1 January 2014. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(c) MASB Approved Accounting Standards, MFRSs (Continued)

As at 31 December 2012, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2(b). The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

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

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2014 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises. The Group does not expect any impact on the financial statements arising from the adoption of this standard.

IC Int 15 Agreements for the Construction of Real Estate

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

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation and Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are those corporations in which the Group has the 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 has such power over another entity.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation and Subsidiaries (Continued)

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

The financial statements of the subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as write downs or impairment losses as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency with the accounting policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between the 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 and carrying amount of goodwill that relate to the subsidiary and is recognised in the consolidated statement of comprehensive income.

In accordance with FRS 127, Consolidated and Separate Financial Statements (revised), upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through subsidiary. It is measured at the non-controlling interest holders' share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the non-controlling interest holders' share of changes in the subsidiary's equity since that date.

Any loss applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. The change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not impact on earnings per share.

In the previous financial year, where applicable to the non-controlling interests exceed the Company's interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(b) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of associates but not the power to exercise control over those policies.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(b) Associates (Continued)

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(q).

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

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated statement of comprehensive income. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of Group's interest in the associate, and the unrealised losses are eliminated to the extent of the costs that can be recovered. 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.

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.

After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

On disposal of such investment, the difference between net disposal proceed and the carrying amount of the investment in an associate is reflected as a gain or loss on disposal in the consolidated statements of comprehensive income.

(c) Goodwill on Consolidation

(i) Acquisition before 1 January 2011

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Goodwill on Consolidation (Continued)

(i) Acquisition before 1 January 2011 (Continued)

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Gain or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in profit or loss.

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and related to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and or future service.

(d) 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 value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(d) Revenue Recognition (Continued)

(i) Revenue from financing receivables

Revenue represents interest income from financing receivables which is recognised on an accruals basis, except when a financial receivable becomes non-performing. Interest income on non-performing loans is suspended unless it is recoverable. The non-recoverability of the loan shall arise should the repayments are in arrears for more than 3 months from the first day of default or after the maturity date or when the outstanding balance is greater than the value of the collateral pledged, interest is ceased being accrued.

(ii) Revenue from hotel operations

Revenue from hotel operations consists mainly of hotel room rental, telephone call income, restaurant and bar income, laundry income, amusement park collection, car park collection, food court collection and other related services, which is recognised when the services have been rendered.

(iii) Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(iv) Revenue from travel and tour services

Revenue from travel and tour services is recognised upon performance of services, net of sales returns and discounts.

(v) Revenue from property development

Revenue from sale of completed properties is recognised when the risks and rewards of ownership have passed to the buyers.

Revenue from the sale of property development projects is recognised progressively as the project activity progresses and is in respect of sales when the agreements have been finalised. The recognition of revenue is based on the stage of completion method and is consistent with the method adopted for profit recognition. Provision for foreseeable losses is made when estimated future revenue realisable is lower than the carrying amount of the project.

(vi) Other income

Administrative charges receivable and interest income is recognised on an accruals basis.

(e) Employee Benefits

(i) Short Term Employee Benefits

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(e) Employee Benefits (Continued)

(ii) Post-Employment Benefits

The Group make statutory contributions to an approved provident fund and contributions are charged to the income statement. Once the contributions have been paid, the Group have no further payment obligations.

(f) Borrowing Costs

Borrowing costs are charged to profit or loss as an expense in the period in which they are incurred.

(g) Taxation

(i) Current tax

The tax expense in the statements of comprehensive income represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

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

(h) Property, Plant and Equipment

Property, plant and equipment were initially stated at cost. Certain buildings were subsequently shown at market value, based on valuations of external independent valuers, less subsequent accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(q).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(h) Property, Plant and Equipment (Continued)

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

No depreciation is provided on freehold land. All other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Office premises	2%
Shophouses	2%
Plant and machinery	5%
Motor vehicles	10% to 25%
Furniture, fittings and renovations	5% to 30%
Computers and office equipment	10% to 33%

Capital work- in- progress are not depreciated as these assets are not intended for use.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

(i) Revaluation of Assets

Land and buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

(j) Leases

(i) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(j) Leases (Continued)

(i) Finance leases (Continued)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating leases

Leases of assets were a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

The Group has reassessed the classification of land elements of unexpired leases at the date the Group adopts the amendments to FRS 117 Leases on 1st January 2010. The Group determines that all leasehold land as disclosed in Note 13 to the financial statements that has an indefinite economic life and title is not expected to pass to the lessees by the end of the lease term as operating leases.

(k) Investment Properties

Investment properties, comprising certain freehold land, leasehold land and buildings, are properties held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at fair value, representing open-market value determined by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated) from the statement of financial position. The difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss in the financial year of the retirement or disposal.

(l) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group 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 (“RM”), which is the Company’s functional currency and presentation currency.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(l) Foreign Currencies (Continued)

(ii) Transactions and balances (Continued)

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values was determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates); and
- all resulting exchange differences are recognised as other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised as other comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(m) Property Development Activities

(i) Land held for development

Land held for property development is stated at cost less any accumulated impairment losses, if any and classified as non-current asset where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(q).

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(m) Property Development Activities (Continued)

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

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

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

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

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

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

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of food and beverages include purchase price and the incidental expenses incurred. Costs of land and completed properties comprises all direct construction cost and land cost, and direct development expenditure which is determined by the specific identification basis.

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

(o) Financial Assets

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

When financial assets 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 and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(o) Financial Assets (Continued)

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near future.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains and losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

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

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-Sale Financial Assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(o) Financial Assets (Continued)

(iv) Available-for-Sale Financial Assets (Continued)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(p) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(q) Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(q) Impairment of Assets (Continued)

(i) Impairment of Financial Assets (Continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument 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, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

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

(r) Assets held for sale

Asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with FRS 5 that is at the lower of carrying amount and fair value less cost to sell. Any differences are included in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(s) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(t) Provisions for Liabilities

Provision for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(u) Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the financial year end. A dividend proposed or declared after the financial year end, but before the financial statements are authorised for issue, is not recognised as a liability at the financial year end.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

(w) Operating Segment

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical judgements made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2 to the financial statements, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, other than as disclosed in note to the financial statements (apart from those involving estimations which are dealt with below).

<u>Classification between operating lease and finance lease for leasehold land</u>

The Group has developed certain criteria based on FRS 117 in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

Finance lease is a lease that transfers substantially all the risk and rewards incidental to ownership of an asset and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the finance lease, the lease will be classified as property, plant and equipment if it is for own use or will be classified as investment property if it is to earn rentals or for capital appreciation or both. A judgement is made on the individual leasehold land to determine whether the leasehold land qualifies as an operating lease or finance lease.

The Group has reassessed the classification of land elements of unexpired leases at the date the Group adopts the amendments to FRS 117 Leases on 1st January 2010. The Group determines that all leasehold land as disclosed in Note 13 to the financial statements that has an indefinite economic life and title is not expected to pass to the lessees by the end of the lease term as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key sources of estimation uncertainty

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

Investment properties and land held for development

As several of the Group's directors are professionals who are experienced in the construction and property development industry, periodic assessments are made on the current market values of the Group's property assets. In determining the fair values of these properties, the management takes into consideration valuations carried out by professional valuers, replacement costs and transaction prices of similar assets in comparable locations.

Impairment of property, plant and equipment

The Group assesses impairment of assets whenever the events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial assets is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

Impairment of investment in subsidiaries and recoverability of amount owing by subsidiaries

The Group carried out the impairment test based on a variety of estimates including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Group to estimate the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many 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.

Deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Rental income from:-				
- Hotel operations	13,420,122	12,469,131	-	-
- Property investment	6,194,983	6,307,682	36,000	70,150
Other income from hotel operations	10,937,352	10,158,362	-	-
Leasing, hire-purchase and other interest income	724	52,477	-	-
Administrative charges receivable from subsidiaries	-	-	-	577,500
Sales of development properties	5,538,276	6,031,850	-	-
Sales of investment properties	-	42,185,552	-	-
	36,091,457	77,205,054	36,000	647,650

5. SEGMENTAL INFORMATION

FRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

(a) General information

The Group's operating business is classified according to the following operating divisions:-

(i) Investment holding;
(ii) Leasing and financing;
(iii) Hospitality;
(iv) Investment properties; and
(v) Property development.

(b) Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on an arm's length basis in a manner similar to transactions with third parties.

Segment results is measured based on segment profit before tax that are reviewed by the Group's chief operating decision maker. There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

(c) Geographical Information

No segmental information by geographical segment has been presented as the Group principally operates in Malaysia.

(d) Information about Major Customer

Major customers' information is revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer, and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

Revenue includes revenue from a major customer amounting to RM2,649,852/-, arising from sales from the investment properties segment.

NOTES TO THE FINANCIAL STATEMENTS

5. **SEGMENTAL INFORMATION (Continued)**

The segmental information of the Group are as follows:-

Group	← Continuing Operations							→	Discontinued Operations	Total Operations
2012 holding	**Investment financing RM**	**Leasing and Hospitality RM**	**properties RM**	**Investment development RM**	**Property Others RM**	**Eliminations RM**	**Consolidated RM**	**RM**	**RM**	**RM**
Revenue										
External sales	36,000	724	24,357,474	6,158,983	5,538,276	-	-	36,091,457	-	36,091,457
Inter-segment sales	-	-	114,480	-	(114,480)	-	-	-	-	-
	36,000	724	24,471,954	6,158,983	5,423,796	-	-	36,091,457	-	36,091,457
Results										
Segment results	(1,931,592)	(1,553,763)	7,302,948	(46,354)	(10,436)	-	(69,990)	3,690,813	-	3,690,813
Share of result of associate								(228,300)	-	(228,300)
Profit before income tax expense								3,462,513	-	3,462,513
Income tax expense								(2,155,661)	-	(2,155,661)
Net gain on fair value changes on available-for-sale financial assets								(19,196)	-	(19,196)
Total comprehensive income for the financial year								1,287,656	-	1,287,656
Total comprehensive income attributable to:-										
Owners of the Company								1,287,656	-	1,287,656

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

Group	Continuing Operations								Discontinued Operations	Total Operations
2012	**Investment holding**	**Leasing and financing**	**Hospitality**	**Investment properties**	**Property development**	**Others**	**Eliminations**	**Consolidated**		
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Assets										
Segment assets	3,471,486	11,877,022	4,980,422	275,202,672	2,752,059	2,001,364	-	300,285,025	-	300,285,025
Unallocated assets								984,370	-	984,370
								301,269,395	-	301,269,395
Liabilities										
Segment liabilities	29,965,395	13,050	3,916,297	16,255,537	65,257,669	7,983,144	-	123,391,092	-	123,391,092
Unallocated liabilities								14,311,209	-	14,311,209
								137,702,301	-	137,702,301
Other information										
Capital Expenditure	840	-	-	92,023	3,469	-	-	96,332	-	96,332
Depreciation of property, plant and equipment	328,408	-	-	279,382	11,231	-	-	619,021	-	619,021

NOTES TO THE FINANCIAL STATEMENTS

5. **SEGMENTAL INFORMATION (Continued)**

Group	Continuing Operations								Discontinued Operations	Total Operations
2011	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Eliminations RM	Consolidated RM	RM	RM
Revenue										
External sales	70,150	52,477	22,627,493	48,423,084	6,031,850	-	-	77,205,054	6,161,990	83,367,044
Inter-segment sales	577,500	-	-	-	-	-	(577,500)	-	-	-
	647,650	52,477	22,627,493	48,423,084	6,031,850	-	(577,500)	77,205,054	6,161,990	83,367,044
Results										
Segment results	(3,903,579)	(11,482,403)	6,628,721	36,102,200	4,716,781	(3,839)	(13,164,187)	18,893,694	29,681	18,923,375
Share of result of associate								(148,511)	-	(148,511)
Profit before income tax expense								18,745,183	29,681	18,774,864
Income tax expense								(1,862,956)	-	(1,862,956)
Net loss on fair value changes on available-for-sale financial assets								15,078	-	15,078
Total comprehensive income for the financial year								16,897,305	29,681	16,926,986
Total comprehensive income attributable to:-										
Owners of the Company								16,897,305	29,681	16,926,986

NOTES TO THE FINANCIAL STATEMENTS

5. **SEGMENTAL INFORMATION (Continued)**

Group	Continuing Operations								Discontinued Operations	Total Operations
2011	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Eliminations RM	Consolidated RM	RM	RM
Assets										
Segment assets	4,355,710	13,156,433	4,473,086	216,425,659	53,255,635	2,001,414	(171,700)	293,496,237	-	293,496,237
Unallocated assets								792,311	-	792,311
								294,288,548	-	294,288,548
Liabilities										
Segment liabilities	29,672,231	12,742	2,920,462	11,742,393	65,532,244	7,927,504	956,666	118,764,242	-	118,764,242
Unallocated liabilities								13,244,868	-	13,244,868
								132,009,110	-	132,009,110
Other information										
Capital Expenditure	1,411	-	-	27,500	3,109	-	-	32,020	4,607	36,627
Depreciation of property, plant and equipment	342,548	-	-	263,500	12,256	-	-	618,304	91,305	709,609

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCE COSTS (net)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest income				
- Fixed deposits	102,599	81,369	53,919	38,415
- Overdue interest	1,317	1,249	-	-
	103,916	82,618	53,919	38,415
Interest expenses				
- Short term borrowings	(9)	(280,957)	-	-
- Term loans	(410,085)	(561,948)	-	-
- Hire-purchase payables	(27,151)	(41,921)	(27,151)	(41,666)
	(437,245)	(884,826)	(27,151)	(41,666)
	(333,329)	(802,208)	26,768	(3,251)

7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

Profit/(loss) before income tax expense is arrived at:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
After crediting:-				
Impairment no longer required :				
- Subsidiaries	-	-	20,428	-
Bad debts recovered	-	60,000	-	-
Gain on disposal of:				
- Investment in subsidiaries	-	1,025,656	-	3,679,827
Profit guarantee from vendors of a subsidiary	-	90,000	-	90,000
Waiver of term loan interest	-	9,663,814	-	-
Reversal of provision for liabilities	-	4,600,000	-	-
and charging:-				
Audit fee	(98,000)	(90,000)	(38,000)	(30,000)
Allowance for impairment:				
- Lease and hire purchase receivables	(1,522,500)	(10,608,183)	-	-
- Trade receivables	(17,973)	(9,435)	-	-
- Other receivables	(24,385)	-	(24,385)	-
- Former subsidiaries	-	-	(219,524)	(6,262,229)
Amortisation of prepaid lease payments	(95,844)	(95,844)	-	-
Depreciation of property, plant and equipment	(619,021)	(618,304)	(328,408)	(342,548)
Impairment loss on:				
- Subsidiaries	-	-	(4,275)	(23,733)
- Associates	-	-	(400,000)	-
Provision for liabilities	(730,720)	(678,825)	-	-
Realised loss on foreign exchange	(12,638)	(40,337)	-	-
Rental of:				
- Office premises	-	(19,200)	-	-
- Parking	(18,000)	(18,000)	-	-
- Hostel	(84,000)	(84,000)	-	-
- Equipment	(86,317)	(84,993)	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE (Continued)

Profit/(loss) before income tax expense is arrived at:-

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Royalty fee payable to third party	(487,147)	(452,550)	-	-
Staff costs:				
- Employees' Provident Fund	(475,908)	(446,617)	(49,392)	(40,338)
- SOCSO	(87,012)	(94,130)	(4,867)	(4,317)
- Salaries and allowance	(4,941,331)	(4,788,699)	(417,092)	(364,063)
- Other staff related costs	(213,682)	(203,593)	-	-
Written off:				
- Property, plant and equipment	-	(2,497)	-	(2,497)

8. INCOME TAX EXPENSE

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Income tax				
- current year	(1,063,959)	(213,186)	-	-
- under accrual in prior year	(25,362)	-	-	-
	(1,089,321)	(213,186)	-	-
Deferred tax liabilities (Note 30)				
- current year	(981,901)	(1,682,688)	-	-
- (under)/over accrual in prior year	(84,439)	32,918	-	-
	(1,066,340)	(1,649,770)	-	-
	(2,155,661)	(1,862,956)	-	-

The income tax is calculated at the statutory rate of 25% of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit/(loss) before income tax expense at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Profit/(Loss) before income tax expense	3,690,813	18,893,694	(2,525,493)	(3,894,996)
Taxation at applicable statutory tax rate of 25%	(922,703)	(4,723,423)	631,373	973,749
Tax effects arising from:-				
- non-deductible expenses	(660,123)	(3,026,581)	(321,433)	(1,719,002)
- non-taxable income	113,511	5,342,911	5,107	942,457
- (origination)/reversal of deferred tax assets not recognised in the financial statements	(576,545)	511,219	(315,047)	(197,204)
- (under)/over accrual in prior years	(109,801)	32,918	-	-
Tax expense for the financial year	(2,155,661)	(1,862,956)	-	-

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (Continued)

Deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Deductible temporary differences	605,309	587,139	587,243	577,608
Unutilised tax losses	181,015,849	178,727,839	25,845,842	24,595,289
Net deferred tax assets	181,621,158	179,314,978	26,433,085	25,172,897
Potential deferred tax assets not recognised at 25%	45,405,290	44,828,745	6,608,271	6,293,224

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 29 December 2010, the Board announced that the Company had on the even date entered into a Share Purchase Agreement to dispose 200,000 ordinary shares of RM1/- each in Discover Orient Holidays Sdn. Bhd.("DOH") representing 100% of the total issued and paid up capital in DOH for a total consideration of RM6,900,000/-. The disposal of DOH was completed on 18 April 2011.

Accordingly, DOH ceased to be a subsidiary of the Company.

<u>Statements of comprehensive income disclosures</u>

The results of DOH for the financial year ended 31st December 2011 are as follows:-

	2011 **RM**
Revenue	6,161,990
Staff costs	(278,208)
Depreciation of property, plant and equipment	(91,305)
Finance costs (net)	(16,616)
Ticketing and tour arrangement costs	(5,511,786)
Other expenses	(234,394)
Profit before income tax expense	29,681
Income tax credit	-
Net profit for the financial year	29,681

NOTES TO THE FINANCIAL STATEMENTS

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

The following amounts have been included in arriving at the profit before income tax expense of the discontinued operations:-

	2011 RM
After charging:-	
Depreciation of property, plant and equipment	(91,305)
Rental of office premises	(3,000)
Hire of:	
- Boats	(74,204)
- Coaches	(348,674)
Directors' remunerations:	
- Fees	(3,153)
Staff costs:	
- Employees' Provident Fund	(47,469)
- Salaries and allowances	(227,287)
- SOCSO	(3,452)
- Other staff related costs	(16,384)
Unrealised loss on foreign exchange	(11,367)
Realised loss on foreign exchange	(53,743)
Interest expenses	(16,617)
and crediting:-	
Interest income	1

10. EARNING PER SHARE

Basic

The basic earnings per share which has been calculated based on the profit for the financial year attributable to the owners of the Company of RM1,306,852/- (2011 : RM16,911,908/-) are disclosed as follows:-

	Group			
	2012		2011	
	Number of Shares Unit	Amount RM	Number of Shares Unit	Amount RM
Ordinary Share of RM0.50 each				
Issued and fully paid-up share capital				
At the beginning/end of the financial year	223,334,575	111,667,288	223,334,575	111,667,288

	Group	
	2012 RM	2011 RM
Earning attributable to owners of the Company		
Profit from continuing operations	1,306,852	16,882,227
Profit from discontinued operations	-	29,681
Profit for the financial year	1,306,852	16,911,908
Weighted average number of ordinary shares in issue	223,334,575	223,334,575
Basic earning per share (Sen) for		
Profit from continuing operations	0.59	7.56
Profit from discontinued operations	-	0.01
Profit for the financial year	0.59	7.57

Diluted

There is no diluted earning per share as the Company does not have any dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

Group **2012** **Cost (unless otherwise stated)**	**Capital Work in progress RM**	**Plant and machinery RM**	**Motor vehicles RM**	**Furniture, fittings and renovations RM**	**Computers and office equipment RM**	**Total RM**
At 1 January 2012	13,181,428	2,808,066	2,290,047	1,944,079	323,969	20,547,589
Additions	-	-	-	92,021	4,311	96,332
Disposals/Write-off	-	-	-	-	(3,542)	(3,542)
At 31 December 2012	13,181,428	2,808,066	2,290,047	2,036,100	324,738	20,640,379
Accumulated Depreciation						
At 1 January 2012	-	1,510,725	1,597,484	1,105,705	290,383	4,504,297
Depreciation for the financial year	-	140,403	340,940	124,685	12,993	619,021
Disposals/Write-off	-	-	-	-	(3,542)	(3,542)
At 31 December 2012	-	1,651,128	1,938,424	1,230,390	299,834	5,119,776
Net Carrying Amount at 31 December 2012	13,181,428	1,156,938	351,623	805,710	24,904	15,520,603
2011 **Cost (unless otherwise stated)**						
At 1 January 2011	13,181,428	2,801,566	2,354,120	1,925,221	319,948	20,582,283
Additions	-	6,500	-	21,000	4,520	32,020
Disposals/Write-off	-	-	(64,073)	(2,142)	(499)	(66,714)
At 31 December 2011	13,181,428	2,808,066	2,290,047	1,944,079	323,969	20,547,589
Accumulated Depreciation						
At 1 January 2011	-	1,369,555	1,254,390	999,595	276,066	3,899,606
Depreciation for the financial year	-	140,403	354,307	109,019	14,575	618,304
Disposals/Write-off	-	-	(11,213)	(2,142)	(258)	(13,613)
Reclassification	-	767	-	(767)	-	-
At 31 December 2011	-	1,510,725	1,597,484	1,105,705	290,383	4,504,297
Net Carrying Amount at 31 December 2011	13,181,428	1,297,341	692,563	838,374	33,586	16,043,292

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	**Motor vehicles**	**Furniture, fittings and renovations**	**Computers and office equipment**	**Total**
2012	**RM**	**RM**	**RM**	**RM**
Cost				
At 1 January 2012	1,981,620	27,812	107,139	2,116,571
Additions	-	-	840	840
Disposals/Write-off	-	-	(557)	(557)
At 31 December 2012	1,981,620	27,812	107,422	2,116,854
Accumulated Depreciation				
At 1 January 2012	1,322,539	19,916	94,018	1,436,473
Depreciation for the financial year	319,188	4,198	5,022	328,408
Disposals/Write-off	-	-	(557)	(557)
At 31 December 2012	1,641,727	24,114	98,483	1,764,324
Net Carrying Amount at 31 December 2012	339,893	3,698	8,939	352,530
2011				
Cost				
At 1 January 2011	2,045,693	27,812	106,227	2,179,732
Additions	-	-	1,411	1,411
Disposals/Write-off	(64,073)	-	(499)	(64,572)
At 31 December 2011	1,981,620	27,812	107,139	2,116,571
Accumulated Depreciation				
At 1 January 2011	1,001,197	15,718	88,481	1,105,396
Depreciation for the financial year	332,555	4,198	5,795	342,548
Disposals/Write-off	(11,213)	-	(258)	(11,471)
At 31 December 2011	1,322,539	19,916	94,018	1,436,473
Net Carrying Amount at 31 December 2011	659,081	7,896	13,121	680,098

Included in property, plant and equipment of the Group and Company are motor vehicles with a net carrying amount of RM338,135/- (2011 : RM630,213/-) and RM338,135/- (2011 : RM630,213/-) respectively which are acquired under hire-purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES

	Group	
	2012 RM	**2011 RM**
Shopping complex, at fair value		
At the beginning/end of the financial year	83,607,000	83,607,000

The fair value of the shopping complex has been arrived at on the basis of valuations carried out by an independent valuer. Valuations were based on current prices in an active market for the properties.

The shopping complex has been charged to a financial institution as securities for the term loan facilities granted to a subsidiary and a former subsidiary, FBO Leasing Sdn. Bhd..

13. PREPAID LAND LEASE PAYMENTS

Prepaid land lease payments relate to the lease of land for the Group's office premise in Kuala Lumpur and land in Kelantan. These leases will expire in 2085 and 2075 respectively and the Group does not have an option to purchase the leasehold land at the expiry of the lease period. Prepaid land lease payments are amortised over the lease term of the land.

	Group	
	2012 RM	**2011 RM**
At Cost		
At the beginning/end of the financial year	7,718,045	7,718,045
Accumulated Amortisation		
At the beginning of the financial year	(397,821)	(301,977)
Amortisation charge for the financial year	(95,844)	(95,844)
At the end of the financial year	(493,665)	(397,821)
Accumulated Impairment Loss		
At the beginning/end of the financial year	(124,360)	(124,360)
	7,100,020	7,195,864

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2012 RM	**2011 RM**
Unquoted shares, at cost	197,753,003	197,753,003
Less: Allowance for impairment	(228,007)	(223,732)
	197,524,996	197,529,271

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN SUBSIDIARIES (Continued)

The subsidiaries, which are incorporated in Malaysia unless otherwise stated, are as follows:-

Name of Company	Effective Equity Interest 2012 %	2011 %	Principal Activities
Direct Subsidiaries			
Eastern Biscuit Factory Sdn. Bhd.	100	100	Property development, investment in properties and hotel operations
FBO Land (Setapak) Sdn. Bhd. Ø	100	100	Property development
FBO Properties Sdn. Bhd. Ø	100	100	Dormant
Perfect Diamond Capital Sdn. Bhd.	100	100	Investment holding
EBF Land Sdn. Bhd. Ø	100	100	Investment holding
Subsidiary of Eastern Biscuit Factory Sdn. Bhd.			
FBO Land (Serendah) Sdn. Bhd. Ø	100	100	Property investment
Subsidiary of Perfect Diamond Capital Sdn. Bhd.			
Rimaflex Sdn. Bhd. Ø	100	100	Money lending
Subsidiary of EBF Land Sdn. Bhd.			
Exquisite Properties Sdn. Bhd. Ø	100	100	Dormant
Subsidiary of Rimaflex Sdn. Bhd.			
Rimaflex Nominees (Tempatan) Sdn. Bhd. Ø	100	100	Dormant

Ø The auditor's reports of these subsidiaries contain an emphasis of matter paragraph on the going concern consideration.

15. INVESTMENT IN ASSOCIATE

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost	400,000	400,000	400,000	400,000
Less: Share of post-acquisition result	(400,000)	(171,700)	-	-
Less: Allowance for impairment	-	-	(400,000)	-
	-	228,300	-	400,000

Details of the associate which is incorporated in Malaysia, is as follows:-

Name of Company	Effective Equity Interest 2012 %	2011 %	Principal Activities
P.A. Projects Sdn. Bhd. # *	20	20	Design, supply, fabricating and installation of aluminium products

Audited by a firm other than Baker Tilly Monteiro Heng.

* The management financial statements of the associate company were used in the preparation of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN ASSOCIATE (Continued)

The summarised financial information of the associate is as follow:-

	Group 2012 RM	Group 2011 RM
ASSETS AND LIABILITIES		
Current Assets	8,307,504	7,806,359
Non-Current Assets	935,009	616,721
Total Assets	9,242,513	8,423,080
Current Liabilities	10,385,019	6,974,901
Total Liabilities	10,385,019	6,974,901
RESULTS		
Revenue	6,735,090	8,877,152
Profit for the financial year	(1,928,191)	(742,557)

16. OTHER INVESTMENTS

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted outside Malaysia)				
At the beginning of the financial year	494,133	479,055	494,133	479,055
Net (loss)/gain on fair value changes recognised in other comprehensive income	(19,196)	15,078	(19,196)	15,078
At the end of financial year	474,937	494,133	474,937	494,133

17. LAND HELD FOR DEVELOPMENT

	Group 2012 RM	Group 2011 RM
Long leasehold land, at cost	2,800,000	2,800,000
Less: Allowance for impairment	(800,000)	(800,000)
	2,000,000	2,000,000

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCING RECEIVABLES

	Group	
	2012 RM	2011 RM
Financing receivables	32,520,037	31,873,443
Less: Unearned interest	(3,603,990)	(3,202,789)
	28,916,047	28,670,654
Less: Allowance for impairment	(17,146,405)	(15,623,905)
	11,769,642	13,046,749
Receivable:-		
Within twelve months	11,769,642	13,046,749

The remaining balances of the financing receivables are secured by pieces of land at Negeri Sembilan and memorandum of legal charge over securities of quoted shares held by the receivables.

19. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	2012 RM	2011 RM
Property development expenditure		
- Leasehold land, at cost	3,680,372	3,822,902
- Development costs	16,593,340	20,245,839
At the beginning of the financial year	20,273,712	24,068,741
Cost incurred during the financial year		
- Development costs	7,769,253	1,107,453
	7,769,253	1,107,453
Costs recognised as expense in profit or loss		
- Leasehold land, at cost	(241,896)	(142,530)
- Development costs	(4,226,945)	(4,759,952)
	(4,468,841)	(4,902,482)
	23,574,124	20,273,712
Represented by :		
- Leasehold land, at cost	3,438,476	3,680,372
- Development costs	20,135,648	16,593,340
	23,574,124	20,273,712

NOTES TO THE FINANCIAL STATEMENTS

20. INVENTORIES

	Group	
	2012	2011
	RM	RM
At cost,		
Condominium units ready for sale	4,579,509	4,579,509
Food and beverages	453,654	458,268
	5,033,163	5,037,777
Completed properties	451,000	451,000
	5,484,163	5,488,777

The condominiums of RM4,579,509/- (2011 : RM4,579,509/-) have been charged to local licensed banks as security for term loans and other credit facilities granted to a former subsidiary, FBO Leasing Sdn. Bhd..

Included in inventories, are amounts totalling RM300,000/- (2011: RM300,000/-) which have been charged as securities for term loan instruments of the subsidiary as disclosed in Note 33(e) to the financial statements.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Trade receivables	13,761,245	5,460,165	-	-
Less: Allowance for impairment	(1,394,928)	(1,376,955)	-	-
	12,366,317	4,083,210	-	-
Other receivables	14,485,821	14,596,442	38,265	108,911
Less: Allowance for impairment	(4,571,726)	(4,547,341)	(24,385)	-
	9,914,095	10,049,101	13,880	108,911
Deposits	247,507	246,815	1,795	1,795
Prepayments	191,845	210,337	63,443	9,334
Total trade and other receivables	22,719,764	14,589,463	79,118	120,040
Add: Cash and bank balances (Note 24)	3,612,751	4,842,299	41,755	206,738
Deposits placed with licensed banks	3,096,815	2,981,772	1,672,500	1,500,000
Total loans and receivables	29,429,330	22,413,534	1,793,373	1,826,778

Group

The trade credit term ranges from 7 to 90 days (2011: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

The currency exposure profile of trade receivables is as follows:-

	Group 2012 RM	Group 2011 RM
Ringgit Malaysia	13,761,245	5,460,165

Ageing analysis of trade receivables

The analysis of the Group's trade receivables is as follows:

	Group 2012 RM	Group 2011 RM
Neither past due nor impaired	5,335,900	664,023
1 to 30 days past due not impaired	2,658,808	60,660
31 to 60 days past due not impaired	3,030,933	821,888
61 to 90 days past due not impaired	62,621	17,396
91 to 120 days past due not impaired	60,534	11,264
More than 121 days past due not impaired	329,178	755,678
	6,142,074	1,666,886
Impaired	2,283,271	3,129,256
	13,761,245	5,460,165

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

At the reporting date, the Group has trade receivables amounting to RM6,142,074/- (2011: RM1,666,886/-) that are past due but not impaired.

Receivables that are past due but not impaired

Trade receivables that were past due but not impaired relate to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2012	**2011**
	RM	**RM**
Collectively impaired		
Trade receivables - nominal amounts	2,283,271	3,129,256
Less: Allowance for impaiment	(1,394,928)	(1,376,955)
	888,343	1,752,301

Movement in allowance accounts:

	Group	
	2012	**2011**
	RM	**RM**
At the beginning of the financial year	(1,376,955)	(1,575,414)
Impairment for the financial year	(17,973)	(9,435)
Reversal of impairment loss	-	207,894
At the end of the financial year	(1,394,928)	(1,376,955)

(b) Other receivables

Group

At the reporting date, the Group had provided an allowance of RM4,571,726/- (2011 : RM4,547,341/-) for impairment of the other receivables with a nominal amount of RM14,485,821/- (2011 : RM14,596,442/-).

Included in other receivables is an amount totalling RM9,360,000/- (2011: RM9,360,000/-) which represents advances to a former contractor. The former contractor had on 18 April 2013 agreed to enter into a settlement agreement to agree on terms to settle the said amount within the next 12 months. The directors are of the opinion that a settlement agreement with the former contractor will be successfully completed and implemented to recover the outstanding amount and therefore no impairment is required for the financial year ended 31 December 2012.

22. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2012	**2011**
	RM	**RM**
Amount owing by subsidiaries	56,409,494	58,878,829
Less: Allowance for impairment	(29,145,482)	(28,946,386)
	27,264,012	29,932,443
Amount owing to a subsidiary	(79,351)	(423,837)

Amount owing by/(to) subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

23. DEPOSITS PLACED WITH LICENSED BANKS

Group

Deposits placed with licensed banks of RM862,395/- (2011: RM835,131/-) are pledged to the banks for banking facilities granted to the Group.

24. CASH AND BANK BALANCES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	3,400,335	4,634,075	41,755	206,738
Cash held under Housing Development Account	212,416	208,224	-	-
	3,612,751	4,842,299	41,755	206,738

Group

Cash held under Housing Development Account are opened and maintained under Section 7A of the Housing Development (Control and Licensing) Act, 1966.

25. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
At the beginning of the financial year	121,325,206	154,325,206	850,000	850,000
Disposals	-	(33,000,000)	-	-
At the end of the financial year	121,325,206	121,325,206	850,000	850,000

The non-current assets held for sale represents investment properties with carrying amount of RM120,475,206/- (2011 : RM120,475,206/-) have been charged to financial institutions as securities for credit facilities granted to the Group as disclosed in Note 29 to the financial statements.

26. SHARE CAPITAL

	Group and Company			
	2012		2011	
	Number of shares Unit	**RM**	**Number of shares Unit**	**RM**
Ordinary shares of RM0.50/- each				
Authorised				
At the beginning/end of the financial year	2,000,000,000	1,000,000,000	2,000,000,000	1,000,000,000
Issued and fully paid				
At the beginning/end of the financial year	223,334,575	111,667,288	223,334,575	111,667,288

NOTES TO THE FINANCIAL STATEMENTS

27. (a) CAPITAL RESERVE

Capital reserve arose from the par value reduction exercise undertaken by the Company in year 2009. It represents surplus arising after the off-setting of the Company's issued and paid up capital against its accumulated losses at the date when the reduction of share capital became effective.

The capital reserve is a non-distributable reserve.

(b) Fair Value Reserve

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

28. HIRE-PURCHASE PAYABLES

	Group and Company 2012 RM	2011 RM
Future minimum hire-purchase payables		
- not later than one year	175,788	254,418
- later than one year but not later than five years	151,344	327,132
	327,132	581,550
Less: Future finance charges	(23,101)	(49,832)
	304,031	531,718
Represented by		
- Current	160,666	227,687
- Non-current	143,365	304,031
	304,031	531,718

The hire-purchase payables of the Group and of the Company bore interest ranging from 3.34% to 6.58% (2011: 3.40% to 6.85%) per annum.

29. TERM LOANS

	Group 2012 RM	2011 RM
Total outstanding	8,353,930	6,741,446
Less: Portion due within one year	(3,948,988)	(2,358,866)
Portion repayable after one year	4,404,942	4,382,580

NOTES TO THE FINANCIAL STATEMENTS

29. TERM LOANS (Continued)

Securities/Repayment terms	**Term Loans**	
	2012	**2011**
	RM	**RM**
Secured by legal charge over a subsidiary's non-current assets held for sale and corporate guarantee from the Company. The term loans are repayable by 120 monthly instalments of RM237,251/- each.	3,943,486	6,741,446
Secured by legal charge over a subsidiary's project land and investment properties, deed of assignment on the rental proceeds and corporate guarantee from the Company. The term loans are repayable by 35 monthly instalments of RM132,500/- each and final instalment of RM15,132,500/-.	4,410,444	-
	8,353,930	6,741,446

The term loans bear interest at effective interest rates of 8.60 % (2011: 8.60%) per annum.

30. DEFERRED TAX LIABILITIES

	Group	
	2012	**2011**
	RM	**RM**
At the beginning of the financial year	12,724,992	11,075,222
Transferred from profit or loss (Note 8)	1,066,341	1,649,770
At the end of the financial year	13,791,333	12,724,992
Representing the tax effect of:-		
Temporary differences between net book value and corresponding tax written value	13,791,333	12,724,992

31. TRADE AND OTHER PAYABLES

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Trade payables	3,890,739	3,709,829	-	-
Other payables	4,417,074	4,409,216	32,951	71,112
Amount owing to former subsidiaries	65,322,590	65,322,590	-	-
Accrued expenses	2,773,584	2,474,605	70,000	70,000
Deposits received	1,880,181	1,792,637	2,248	20,100
Advances received from potential purchasers	198,986	228,835	-	-
	78,483,154	77,937,712	105,199	161,212

The normal trade credit term granted to the Group ranges from 30 to 60 days (2011: 30 to 60 days).

The amount owing to former subsidiaries is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

32. PROVISIONS FOR LIABILITIES

	(a) Provision for commitments RM	(b) Provision for furniture, fittings and equipments RM	(c) Provision for claims RM	Total RM
Group				
At 1 January 2011	28,991,500	1,071,211	4,600,000	34,662,711
Add: Additional	-	678,825	-	678,825
Less: Utilisation of provision	(26,000)	(327,975)	-	(353,975)
Less: Reversal	-	-	(4,600,000)	(4,600,000)
At 31 December 2011	28,965,500	1,422,061	-	30,387,561
Add: Additional	-	730,720	-	730,720
Less: Utilisation of provision	(280,000)	(1,164,340)	-	(1,444,340)
At 31 December 2012	28,685,500	988,441	-	29,673,941

	Provision for commitments RM
Company	
At 1 January 2011	28,991,500
Add: Additional	-
Less: Utilisation of provision	(26,000)
At 31 December 2011	28,965,500
Add: Additional	-
Less: Utilisation of provision	(280,000)
At 31 December 2012	28,685,500

(a) Provision for commitments

This is in respect of anticipated losses arising from a corporate guarantee given to a financial institution for loan granted to a former subsidiary, FBO Leasing Sdn. Bhd.

(b) Provision for furniture, fittings and equipment

The provisions for furniture, fittings and equipment are the funds used and expended for the following:-

(i) To pay the costs of renewals, revisions, replacements, substitutions, refurbishment and additions to the furnishings and equipment; and
(ii) Refurbishment and extraordinary repairs to the building.

(c) Provision for claims

This was in respect of claims provided for a legal case with Bennes Engineering Sdn. Bhd. (In Liquidation) as disclosed in Note 41(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33. TERM LOAN INSTRUMENTS

(a) Term loan instruments, issued on 30th December 2002 as an integral part of the Restructuring Scheme, are as follows:-

	Group	
	2012 RM	2011 RM
Guaranteed secured term loan ("GSTL")	1,391,542	1,420,100
Non-guaranteed convertible secured term loan ("NGCSTL")	1,745,705	1,745,705
	3,137,247	3,165,805

(b) The salient features of the GSTL include the following:-

- The GSTL bears interest at a fixed interest rate ranging from 2% to 4% per annum and an additional fixed cumulative interest at rates ranging from 2% to 8% per annum. Any unpaid cumulative interest shall be accumulated but not capitalised and shall be payable at the next or subsequent interest payment date.
- Bullet payment on the fifth anniversary from the date of issuance or at an earlier date, depending on the sale of the secured assets.
- The principal payment and interest outstanding of the entire GSTL is guaranteed by the Company.

(c) The salient features of the NGCSTL include the following:-

- The NGCSTL will constitute direct and unconditional obligations of the issuer ranking pari pasu without priority amongst themselves and subject only to other direct and unconditional obligations preferred by mandatory provision of law.
- The NGCSTL bears interest at a fixed interest rate ranging from 2% to 4% per annum and an additional fixed cumulative interest at rates of 2% to 8% per annum on the total amount of NGCSTL. Any unpaid cumulative interest shall be accumulated but not capitalised and shall be payable at the next or subsequent interest payment date.
- Bullet payment on the fifth anniversary from the date of issuance or at an earlier date, depending on the sale of the secured assets. In the event the disposal proceeds are not sufficient to fully settle the NGCSTL, the respective issuer shall issue its shares to the holders of the NGCSTL on the basis of one new ordinary share of RM1 each in the respective issuer for every RM1 principal and interest outstanding on the NGCSTL.

(d) CIMB through the letter dated 4 February 2013, agreed to the proposed settlement of the GSTL and NGCSTL by way of upfront payment of RM500,000/- due by 18 February 2013 and followed by monthly instalment repayment of RM90,000/- commencing 1 March 2013 to be paid until the entire outstanding sum is repaid to CIMB in full.

(e) The GSTL and NGCSTL are denominated in Ringgit Malaysia and are secured by way of charges over certain non-current assets held for sale and inventories of the Group.

34. RELATED PARTIES

(a) Identification of related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Group and the Company that gives it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTIES (Continued)

(a) Identification of related parties (Continued)

The nature of the relationship with the related parties is as follows:

Related Parties	Nature of Relationship
Eastern Biscuit Factory Sdn. Bhd. ("EBF")	Subsidiary company
FBO Land (Setapak) Sdn. Bhd. ("FBOLSTP")	Subsidiary company
FBO Properties Sdn. Bhd. ("FBOP")	Subsidiary company
Perfect Diamond Capital Sdn. Bhd. ("PDC")	Subsidiary company
EBF Land Sdn. Bhd. ("EBFL")	Subsidiary company
FBO Land (Serendah) Sdn. Bhd. ("FBOLSRD")	Subsidiary company
Rimaflex Sdn. Bhd. ("RMF")	Subsidiary company
Rimaflex Nominees (Tempatan) Sdn. Bhd. ("RMFNT")	Subsidiary company
Exquisite Properties Sdn. Bhd. ("EP")	Subsidiary company
P.A. Projects Sdn. Bhd. ("PAP")	Associate company

(b) Significant Related Party Transactions and Balances

In the normal course of business, the Group and the Company undertake transactions with some of its related parties listed above. Set out below are the significant related party transactions for the financial period/year (in addition to related party disclosures mentioned elsewhere in the financial statements).

	Company	
	2012 RM	2011 RM
Management fees from subsidiaries		
- RMF	-	247,500
Administrative charges from subsidiaries		
- RMF	-	330,000
Rental of motor vehicle from subsidiary		
- EBF	66,726	66,756

The directors of the Company are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(c) Key Management Personnel Compensation

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive Directors				
Salaries and allowances	1,062,000	1,168,200	360,000	390,000
Other emoluments	144,055	165,875	43,200	56,833
Non-Executive Directors				
Fees	132,000	122,000	132,000	122,000
	1,338,055	1,456,075	535,200	568,833

The estimated monetary value of Directors' benefit-in-kind is RM30,000/- (2011: RM93,053/-).

Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. There is no disclosure for the compensation to other key management personnel of the Company as the authority and responsibility for planning, directing and controlling the activities of the entity is performed by the directors.

NOTES TO THE FINANCIAL STATEMENTS

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value.

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2012				
Financial Assets				
Financing receivables	11,769,642	11,769,642	-	-
Financial Liabilities				
Hire purchase payables	304,031	327,132	304,031	327,132
Term loan instruments	3,137,247	3,137,247	-	-
Term loan	8,353,930	8,353,930	-	-
2011				
Financial Assets				
Financing receivables	13,046,749	13,046,749	-	-
Financial Liabilities				
Hire purchase payables	531,718	581,550	531,718	581,550
Term loan instruments	3,165,805	3,165,805	-	-
Term loan	6,741,446	6,741,446	-	-

It is also not practical to estimate the fair value of amount owing by/(to) subsidiaries and associate due to the relatively short term nature of these financial instruments.

(b) Determination of fair value

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

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of their fair value:

	Note
Financial Assets	
Trade and other receivables	21
Deposit placed with licensed bank	23
Cash and bank balances	24
Financial Liabilities	
Hire purchase payables	28
Term loans	29
Trade and other payables	31
Term loan instruments	33

NOTES TO THE FINANCIAL STATEMENTS

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Determination of fair value (Continued)

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

The carrying amounts of these financial assets and liabilities are a reasonable approximation of their fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

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

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

Trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

Exposure to credit risk

The Group is exposed to credit risk mainly from financing receivables, trade and other receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its lease receivables and trade receivables, should all its customers fail to perform their obligations as of 31st December 2012, is the carrying amount of these receivables as disclosed in the statement of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 21(a). Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 21(a).

Inter - company balances

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM42,214,527/- (2011: RM42,243,085/-) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material except for as disclosed in Note 38 to the financial statements.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

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

	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
2012				
Group				
Financial Liabilities				
Trade and other payables	78,483,154	-	-	78,483,154
Hire purchase payables	160,666	143,365	-	304,031
Term loans	3,948,988	4,404,942	-	8,353,930
Term loans instrument	3,137,247	-	-	3,137,247
Company				
Trade and other payables	105,199	-	-	105,199
Hire purchase payable	160,666	143,365	-	304,031

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity Risk (Continued)

	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
2011				
Group				
Financial Liabilities				
Trade and other payables	77,937,712	-	-	77,937,712
Hire purchase payables	227,687	304,031	-	531,718
Term loans	2,358,866	4,382,580	-	6,741,446
Term loans instrument	3,165,805	-	-	3,165,805
Company				
Trade and other payables	161,212	-	-	161,212
Hire purchase payable	227,687	304,031	-	531,718

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an on-going basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as the end of the reporting period were:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Fixed rate instruments				
Financial Liabilities				
Hire purchase payables	304,031	531,718	304,031	531,718
Term loan	8,353,930	6,741,446	-	-
Term loan instruments	3,137,247	3,165,805	-	-
Floating rate instruments				
Financial Asset				
Deposits placed with licensed banks	3,096,815	2,981,772	1,672,500	1,500,000

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk (Continued)

Sensitivity analysis for interest rate risk

(i) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

(ii) Fair value sensitivity analysis for floating rate instruments

A change of 1% in interest rates at the end of reporting period would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Profit before tax			
	Increase 1%		Decrease 1%	
	2012 RM	2011 RM	2012 RM	2011 RM
Group				
Floating rate instruments				
Financial Assets	30,968	29,818	(30,968)	(29,818)
Company				
Floating rate instruments				
Financial Assets	16,725	15,000	(16,725)	(15,000)

(d) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments outside Malaysia are listed on ASX in Australia. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

(e) Foreign Currency Risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the Group's functional currency.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an on-going basis. To maintain the capital structure, the group may adjust the dividend payment to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

37. CAPITAL MANAGEMENT (Continued)

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

	Group	
	2012 RM	2011 RM
Total borrowings	11,795,208	10,438,969
Less : Cash and cash equivalents	6,709,566	7,824,071
Net debt	5,085,642	2,614,898
Total equity	163,567,094	162,279,438
Debt-to-equity ratio	0.03	0.02

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

38. CONTINGENT LIABILITIES

As at 31 December 2012, the contingent liabilities were as follows:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Corporate guarantees given by the Company to secure for credit facilities granted to:				
- Certain subsidiaries				
- Principal payment	-	-	9,745,472	8,161,546
- Former subsidiary				
- Principal payment	20,278,964	20,278,964	20,278,964	20,278,964
- Accrued interest	20,544,021	20,544,021	20,544,021	20,544,021
	40,822,985	40,822,985	50,568,457	48,984,531

Group and Company

The contingent liabilities represent the remaining outstanding balance of the Guaranteed Non-Secured Term Loan of a former subsidiary, Crystal Oblique Sdn. Bhd. ("COSB"), direct subsidiary of Austral Amalgamated Berhad ("AAB") which is owing to Pengurusan Danaharta Nasional Berhad ("Danaharta").

In the previous financial year, on 10 December 2010, the Company had disposed of the entire equity interest in AAB to a party for a total consideration of RM2/-. The directors of the Company are of the view that the outstanding amount are considered to be resolved as part of the settlement agreement with Danaharta who will not demand for repayment on the outstanding amount. However, the Company is contingently liable on the credit facilities granted to COSB and the new buyer is fully aware of the scheme arrangements that have been made with the creditors and have agreed and consented to the same.

NOTES TO THE FINANCIAL STATEMENTS

39. PROFIT GUARANTEES

Eastern Biscuit Factory Sdn. Bhd.

There was a shortfall in profit of RM6.393 million and RM13.834 million for the year ended 31 December 2004 and 2005 respectively guaranteed by the vendors of Eastern Biscuit Factory Sdn. Bhd. (“EBF”), a wholly-owned subsidiary pursuant to the Restructuring Exercise of Austral Amalgamated Berhad. The vendors of EBF are Teong Hoe Holding Sdn. Bhd. (“THHSB”), Forad Management Sdn. Bhd. and Dato’ Tan Kok Hwa (“DTKH”).

On 22nd January 2007, Universal Trustee (Malaysia) Berhad, the stakeholder for the profit guaranteed pledge shares, completed disposal of Security Shares with total proceeds of RM1.42 million. The profit shortfall after the disposal of Security Shares is RM18.83 million.

THHSB and DTKH (“New Guarantors”) have proposed to settle the shortfall with a higher profit guarantee amount i.e. the cumulative audited profit before tax of EBF shall not be less than RM21.66 million for the financial year ended 31 December 2010 to 2012 whereby the audited profit before tax of EBF for the financial year ended 31 December 2010 and 2011 shall not be less than RM5 million, respectively (“Proposed Variations”).

The Proposed Variations have been approved by the shareholders of the Company at the Extraordinary General Meeting dated 21 December 2009.

EBF has recorded a profit before tax amounting to RM8,334,735/- during the financial year ended 31 December 2012 (2011: RM7,897,567/-).

The profit guarantee period has expired on 31 December 2012 with total aggregate profits for the profit guarantee period amounting to RM21.97 million which has exceeded the profit guarantee amount of RM21.66 million.

NOTES TO THE FINANCIAL STATEMENTS

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

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

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31 December 2012 are as follows:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- Realised	70,268,617	68,767,181	5,848,806	8,654,299
- Unrealised	9,295,529	9,636,884	(28,685,500)	(28,965,500)
	79,564,146	78,404,065	(22,836,694)	(20,311,201)
Total share of accumulated losses from an associate:				
- Realised	(400,000)	(171,700)	-	-
	79,164,146	78,232,365	(22,836,694)	(20,311,201)
Less : Consolidation adjustments	(137,519,513)	(137,894,584)	-	-
Total group accumulated losses as per statements of financial position	(58,355,367)	(59,662,219)	(22,836,694)	(20,311,201)

The determination of realised and unrealised profits is based on 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, issued by the Malaysian Institute of Accountants on 20 December 2010.

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

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area/ Floor area	Age of Building (Year)	Net Book Value RM	Date of Acquisition/ Revaluation
FBO Land (Setapak) Sdn Bhd	12 units of flat 1 unit of condominium	Taman Danau Kota Setapak Kuala Lumpur	Leasehold (Expiring on 2085 and 2086)	9,513 square feet	7 7	451,000	18/01/2013 27/03/2008
FBO Land (Setapak) Sdn Bhd	Office	No. 24, Jalan 8/23E Taman Danau Kota Setapak 53300 Kuala Lumpur	Leasehold (Expiring on 2085)	1,650 square feet	15	805,264	09/01/2008
Eastland Equity Bhd	4 storey shop house	No. 22, Jalan 8/23E Taman Danau Kota Setapak 53300 Kuala Lumpur	Leasehold (Expiring on 2085)	1,650 square feet	15	850,000	15/10/2009
Exquisite Properties Sdn Bhd	Property development land	Lot 56908 Mukim Pulai Johor	Leasehold (Expiring on 20 Oct 2096)	6,540 square metres	N/A	2,000,000	26/04/2011
Eastern Biscuit Factory Sdn Bhd	2-Level Basement Carpark, 7-Storey Podium Shopping Centre and an 11-storey International Class 5-Star Hotel	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	8,058 square metres	15	204,082,206	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed condominium 13 units Completed shop lots 22 units	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	25,381 square feet	15	4,579,509	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Lot 99, Section 21 Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Leasehold (Expiring on 1 Mar 2075)	5,767 square metres	N/A	4,994,753	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Lot No. 82 GN No. 8158 Seksyen 21 Bandar Kota Bharu Jajahan Kota Bharu, Kelantan	Freehold	1,606 square metres	N/A	1,300,000	20/08/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Mukim Kuala Lemal Jajahan Pasir Mas Kelantan	Leasehold (Expiring on 22 July 2074)	31.72 acres	N/A	3,822,902	27/04/2009

ANALYSIS OF SHAREHOLDINGS AS AT 25 APRIL 2013

Authorised Share Capital	:	**RM1,000,000,000**
Issued and Paid-up Capital	:	**RM111,667,288**
Class of Shares	:	**Ordinary shares of RM0.50 each**
Voting Rights	:	**One vote per ordinary share**
No. of Shareholders	:	**16,233**

DISTRIBUTION OF SHAREHOLDINGS AS AT 25 APRIL 2013

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,927	48.83%	332,953	0.15%
100 to 1,000 shares	5,115	31.51%	1,614,711	0.72%
1,001 to 10,000 shares	2,457	15.14%	10,241,544	4.59%
10,001 to 100,000 shares	617	3.80%	18,337,887	8.21%
100,001 to 11,166,727 shares	114	0.70%	137,126,550	61.40%
11,166,728 and above	3	0.02%	55,680,930	24.93%
TOTAL	**16,233**	**100%**	**223,334,575**	**100%**

DIRECTORS' SHAREHOLDINGS AS AT 25 APRIL 2013 (as per Register of Directors' Holdings)

Name of Directors	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Dato' Lim Hong Sang	2,161,400	0.97	-	-
Sydney Lim Tau Chin	-	-	17,966,430*	8.04

SUBSTANTIAL SHAREHOLDERS AS AT 25 APRIL 2013 (as per Register of Substantial Security Holders)

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	-	-	17,966,430*	8.04
Tan Kok Aun	1,463,200	0.66	17,966,430*	8.04
Equal Accord Sdn. Bhd.	17,515,000	7.84	-	-
Maylex Ventures Sdn. Bhd.	17,966,430	8.04	-	-
Prestige Pavilion Sdn. Bhd.	25,290,000	11.32	-	-

* Indirect interest by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS AS AT 25 APRIL 2013

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings No. of Shares	Percentage (%)
1	**TA NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR PRESTIGE PAVILION SDN. BHD.	25,290,000	11.32
2	**RHB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR EQUAL ACCORD SDN. BHD.	17,515,000	7.84
3	**RHB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	12,875,930	5.76
4	**NG VUI KEE @ VICKY NG**	10,766,900	4.82
5	**CHONG OI LING**	9,228,000	4.13
6	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU SHENG TAUR	9,102,933	4.08
7	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU JAN TOW (PB)	8,734,813	3.91
8	**MELVINYEO KIANDEE**	8,397,500	3.76
9	**LING HUNG TAH**	7,159,700	3.21
10	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHIN KIM FEN	6,670,700	2.99
11	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR THONG MENG CHIL	6,398,800	2.87
12	**AIBB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN. BHD. (MU004)	6,006,200	2.69
13	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	5,090,500	2.28
14	**POH SHIOW WOAN**	5,078,521	2.27
15	**LEONG WEE MING**	4,661,700	2.09

ANALYSIS OF SHAREHOLDINGS AS AT 25 APRIL 2013

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings No. of Shares	Shareholdings Percentage (%)
16	**CONNIE LEE FEN LING**	4,564,200	2.04
17	**HLB NOMINEES (ASING) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR EXPLICIT GROUP LIMITED (SIN 90658-3)	3,000,000	1.34
18	**CIMSEC NOMINEES (ASING) SDN BHD** CIMB FOR LONG RETURN INVESTMENTS LIMITED (PB)	2,821,200	1.26
19	**LIM HONG SANG**	2,161,400	0.97
20	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.86
21	**WONG YAPP FAH @ CECELLIA WONG**	1,886,700	0.84
22	**WONG LUN LEONG @ HELEN**	1,778,300	0.80
23	**KEAN MOONG YIN**	1,677,000	0.75
24	**PUBLIC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KONG WAI YEE (E-TCS)	1,596,100	0.71
25	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	1,463,200	0.66
26	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN. BHD.	1,333,100	0.60
27	**KUMPULAN HAMODAL SDN. BHD.**	1,116,218	0.50
28	**NOR ASHIKIN BINTI KHAMIS**	1,070,050	0.48
29	**LIN SHU YUAN**	1,050,025	0.47
30	**ECML NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHONG YOON HUAT (008)	1,023,100	0.46
	Total	**171,435,822**	**76.76**

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EASTLAND EQUITY BHD. (515965-A)

(Formerly known as Furqan Business Organisation Berhad)

Incorporated in Malaysia

CDS ACCOUNT NO. OF AUTHORISED NOMINEE

PROXY FORM

I/We ____(name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. ___________________________ (new)___________________________ (old)

of ____(full address)

being a member(s) of the above mentioned Company, hereby appoint ______________________________

(name of proxy as per NRIC, in capital letters) NRIC No. ____________________(new)____________________(old)

or failing him/her ____(name of proxy per NRIC, in capital letters)

NRIC No. ______________________(new) ______________________(old) or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 17 June 2013 at 8.30 a.m. and at each and every adjournment thereof.

My/our proxy is to vote as indicated below :

NO.	RESOLUTIONS		FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended 31 December 2012	Resolution 1		
2.	To re-elect Dato' Faruk Bin Othman	Resolution 2		
3.	To re-elect Lim Kwee Ong	Resolution 3		
4.	To re-appoint Dr. Yang Ching Leng @ Chan Ah Kow	Resolution 4		
5.	To approve the payment of Directors' fees	Resolution 5		
6.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the directors to fix their remuneration	Resolution 6		
7.	To authorise the Directors to issue shares	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: ____________________ Contact No: ____________________

Date: ____________________

Notes:

1. A member entitled to attend and vote at the general meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.
3. A proxy may but need not be a member of the Company and need not be any of the persons prescribed by Section 149(1)(b) of the Companies Act, 1965.
4. The instrument appointing a proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registrars Office at Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Thirteenth Annual General Meeting of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 62(1) of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 7 June 2013. Only a depositor whose name appears on the Record of Depositors as at 7 June 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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The Share Registrars
TRICOR INVESTOR SERVICES SDN. BHD. (118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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(515965-A)

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