

**GLOBAL ORIENTAL BERHAD**  
**PART A – EXPLANATORY NOTES PURSUANT TO FRS 134**

**1. BASIS OF PREPARATION**

The interim financial statements of Global Oriental Berhad (“GOB” or “Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with FRS 134: “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2013.

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2013, except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”), Issues Committee (“IC”) Interpretations and amendments to FRSs and IC Interpretations (where it is applicable to the Group) with effect from the financial period beginning 1 April 2013:

**FRSs, Amendments to FRSs and Interpretations**

FRS 10	:	Consolidated Financial Statements
FRS 11	:	Joint Arrangements
FRS 12	:	Disclosures of Interests in Other Entities
FRS 13	:	Fair Value Measurement
FRS 119 (2011)	:	Employee Benefits
FRS 127 (2011)	:	Separate Financial Statements
FRS 128 (2011)	:	Investment in Associates and Joint Ventures
Amendments to FRS 1	:	First-time Adoption of Financial Reporting Standards - Government Loans
Amendments to FRS 1	:	First-time Adoption of Financial Reporting Standards (Improvements to FRSs (2012))
Amendments to FRS 7	:	Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 101	:	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
Amendments to FRS 101	:	Presentation of Financial Statements (Improvements to FRSs (2012))
Amendments to FRS 116	:	Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132	:	Financial Instruments: Presentation (Improvements to FRSs (2012))
Amendments to FRS 134	:	Interim Financial Reporting (Improvements to FRSs (2012))
Amendments to FRS 10	:	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	:	Joint Arrangements: Transition Guidance
Amendments to FRS 12	:	Disclosures of Interests in Other Entities: Transition Guidance
IC Interpretation 20	:	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 2	:	Members’ Shares in Cooperative Entities and Similar Instruments (Improvements to FRSs (2012))

The adoption of the above standards and interpretations, and improvement (where it is applicable to the Group) is not expected to have any material financial effect to the Group.

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein called “Transitioning Entities”). Transitioning Entities were given a transitional period of two years, within which the MFRS Framework is mandatory to be adopted by the Transitioning Entities. Following the announcement by MASB on 7 August 2013, the transitional period for Transitioning Entities has been extended for an additional year. Therefore, the mandatory adoption date of the MFRS Framework for Transitioning Entities has been extended to annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 March 2016. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The Group is reviewing its accounting policies to assess financial effects of the differences between the current FRSs and accounting standards under the MFRS Framework.

## **2. AUDITORS’ REPORT ON REPORTING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the financial statements of GOB for the financial year ended 31 March 2013 was not qualified.

## **3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group’s performance for the quarter ended 31 March 2014 was not affected by significant seasonal or cyclical fluctuations.

## **4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

## **5. CHANGES IN ESTIMATES**

There were no changes in estimates during the quarter under review that had a material effect on the interim financial statements.

## **6. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

## 7. DIVIDENDS PAID

There were no dividends paid or declared during the quarter under review.

## 8. SEGMENTAL INFORMATION

Group	Property	Construction	Investment		Elimination	Total
	development		holding	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results For 12 Months Ended</b>						
<b>31 March 2014</b>						
<b>Revenue</b>						
External sales	332,592	-	-	19,539	-	352,131
Inter-segment sales	-	103,266	-	-	(103,266)	-
	<u>332,592</u>	<u>103,266</u>	<u>-</u>	<u>19,539</u>	<u>(103,266)</u>	<u>352,131</u>
<b>Results</b>						
Segment results	103,721	7,016	(1,723)	(9,174)	(43,625)	56,215
Unallocated expenses:						
- Finance costs						(2,450)
Profit before tax						53,765
Taxation						(15,343)
Profit for the financial year						<u>38,422</u>

Group	Property	Construction	Investment		Elimination	Total
	development		holding	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results For 12 Months Ended</b>						
<b>31 March 2013</b>						
<b>Revenue</b>						
External sales	266,849	-	-	4,611	-	271,460
Inter-segment sales	-	79,962	-	-	(79,962)	-
	<u>266,849</u>	<u>79,962</u>	<u>-</u>	<u>4,611</u>	<u>(79,962)</u>	<u>271,460</u>
<b>Results</b>						
Segment results	60,647	(54)	(1,089)	(5,854)	(9,612)	44,038
Unallocated expenses:						
- Finance costs						(1,093)
Profit before tax						42,945
Taxation						(12,450)
Profit for the financial year						<u>30,495</u>

## 9. CARRYING AMOUNT OF REVALUED ASSETS

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

There has been no change to the valuations of the property, plant and equipment since the audited financial statements for the year ended 31 March 2013.

## 10. SUBSEQUENT EVENTS

There were no material events subsequent to the reporting period, except as follows:

### (a) Acquisition of Global Oriental (Hong Kong) Limited

On 1 April 2014, Versatile Flagship Sdn Bhd, a wholly-owned subsidiary of GOB acquired the entire equity of Global Oriental (Hong Kong) Limited for a cash consideration of HKD1.00. Global Oriental (Hong Kong) Limited is a private limited company incorporated in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 20 March 2014, with one (1) ordinary share of HKD1.00.

### (b) Acquisition of 65% equity interest in Perwira Nadi Trading Sdn Bhd

The acquisition of 65% equity interest in Perwira Nadi Trading Sdn Bhd for a total cash consideration of RM50.0 million was completed on 1 April 2014.

### (c) Proposed par value reduction, proposed amendment to the Company's Memorandum of Association and proposed rights issue with warrants (collectively referred to as "Proposals")

On 1 April 2014, the listing application (inclusive of the draft Circular) in relation to the Proposals was submitted to Bursa Securities. Bursa Securities had, vide its letter dated 15 April 2014 (which was received on 16 April 2014) granted a conditional approval to the Company.

On 2 May 2014, the Company via its adviser announced that an application to Bursa Securities to seek an extension of time of up to 30 June 2014 to comply with Section 9.33(1)(b) of the Listing Requirements in relation to the issuance of the circular to the shareholders of GOB for the Proposals has been submitted. Subsequently, Bursa Securities had, vide its letter dated 15 May 2014, approved the application for an extension of time until 30 June 2014.

### (d) Proposed establishment of an employees' share option scheme ("Proposed ESOS")

On 6 May 2014, GOB via its adviser announced that the Company proposes to undertake the Proposed ESOS. The listing application (inclusive of the draft Circular) of the Proposed ESOS was submitted to Bursa Securities on 7 May 2014. Bursa Securities has, vide its letter dated 15 May 2014 (which was received on 16 May 2014) granted the approval to the Company.

## 11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review, except as follows:

On 3 January 2014, GOB acquired the entire share equity of the following companies from its wholly-owned subsidiaries, Taman Equine (M) Sdn Bhd ("TEM") and Versatile Flagship Sdn Bhd ("VFSB") for a cash consideration of RM1.00 each ("Internal Reorganisation"):

- (a) 2 ordinary shares of RM1.00 each in the capital of Pertanian Taman Equine Sdn Bhd from TEM;
- (b) 3 ordinary shares of RM1.00 each in the capital of Taman Equine Industrial Sdn Bhd from TEM;
- (c) 2,600,000 ordinary shares of RM1.00 each in the capital of Permai Construction Sdn Bhd from TEM;
- (d) 2,600,000 ordinary shares of RM1.00 each in the capital of Parkamaya Sdn Bhd from TEM;
- (e) 2,501,000 ordinary shares of RM1.00 each in the capital of Tujuan Ehsan Sdn Bhd from TEM;
- (f) 1,000,000 ordinary shares of RM1.00 each in the capital of Pedoman Ikhtisas Sdn Bhd from TEM; and
- (g) 350,000 ordinary shares of RM1.00 each in the capital of Fame Action Sdn Bhd from VFSB.

## 12. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material contingent assets or contingent liabilities as at 31 March 2014.

## 13. CAPITAL COMMITMENTS

The amount of commitments for capital expenditure not provided for as at the date of this report is as follows:

	<b>RM'000</b>
Capital expenditure in respect of acquisition of lands	
- Approved and contracted for	33,881
- Approved but not contracted for	19,310
Total capital commitments	<u>53,191</u>

## **PART B – EXPLANATORY NOTES PURSUANT TO THE REVISED LISTING REQUIREMENTS OF BURSA SECURITIES**

### **1. REVIEW OF PERFORMANCE**

The Group recorded improvements in both revenue and pre-tax profit in the current quarter as compared to the preceding year corresponding quarter. The Group's revenue increased by 21.6% to RM93.2 million while pre-tax profit increased by 44.1% to RM25.5 million in the current quarter as compared to preceding year corresponding quarter. The improved performance was mainly driven by higher revenue recognition and profit contribution from on-going projects in Seri Kembangan, namely EQuator, Villa Heights and Springville.

The current quarter's revenue of RM93.2 million had decreased by 5.1% as compared to immediate preceding quarter's revenue of RM98.2 million mainly due to lower sales recognition from EQuator and Villa Heights projects which are nearing completion. Despite the lower revenue, pre-tax profit increased by RM12.1 million or 90.3% against the immediate preceding quarter's pre-tax profit of RM13.4 million. This was mainly attributable to cost savings from both EQuator and Villa Heights projects as well as profit contribution from Springville project where main building works commenced during the financial year.

### **2. COMMENTARY ON PROSPECTS**

The Malaysian economy registered a relatively strong growth of 6.2% in the first quarter of 2014, driven by expansion in domestic demand and a turnaround in net exports. Bank Negara Malaysia reported that the Malaysian economy is expected to remain on a steady growth path, anchored by domestic demand with additional support from the improvement in the external environment.

Despite continued growth in local economy, local property market activities have slowed down due to various cooling measures implemented by the Government whereby buyers are cautious in their purchases and developers are more selective in their launches. In tandem with the prevailing property market sentiments, the Group would continue to adopt a prudent approach in embarking on future launches.

Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 31 March 2015.

### **3. PROFIT FORECAST OR PROFIT GUARANTEE**

The Group has not issued any profit forecast or profit guarantee for the financial year under review.

#### 4. TAXATION

	<b>Current Year's Quarter 31.03.2014 RM'000</b>	<b>Preceding Year's Corresponding Quarter 31.03.2013 RM'000</b>	<b>Current Year To Date 31.03.2014 RM'000</b>	<b>Preceding Year To Date 31.03.2013 RM'000</b>
Current period taxation	(10,685)	(4,337)	(20,291)	(12,636)
Deferred taxation	4,091	(429)	4,948	186
	<u>(6,594)</u>	<u>(4,766)</u>	<u>(15,343)</u>	<u>(12,450)</u>

The effective tax rate for the current quarter was higher than the statutory tax rate principally due to the restriction in the group relief available in respect of losses incurred by certain subsidiary companies and expenses which were not deductible for tax purposes.

#### 5. CORPORATE PROPOSALS

Save as disclosed in Note 10(c) and Note 10(d) of Part A, there were no corporate proposals announced but not completed as at the date of this report.

#### 6. BORROWINGS AND DEBT SECURITIES

	<b>As at 31.03.2014 RM'000</b>	<b>As at 31.03.2013 RM'000</b>
Short term borrowings:		
Bank borrowings	68,500	25,000
Hire-purchase creditors	421	417
Bank overdrafts	580	903
	<u>69,501</u>	<u>26,320</u>
Long term borrowings:		
Bank borrowings	151,513	43,470
Hire-purchase creditors	878	1,224
	<u>152,391</u>	<u>44,694</u>

All borrowings are denominated in Ringgit Malaysia and are fully secured.

#### 7. CHANGES IN MATERIAL LITIGATION

The Company and its subsidiary companies are not engaged, either as plaintiff or defendant, in any litigation which has a material effect since the date of the last annual statement of financial position to the date of this report. The Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially and/or adversely affect the position or business of the Group.

## 8. DIVIDEND

No dividend has been proposed or declared for the current quarter.

## 9. EARNINGS PER SHARE

### a) Basic

The basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the financial period.

	<b>Current Year's Quarter 31.03.2014</b>	<b>Preceding Year's Corresponding Quarter 31.03.2013</b>	<b>Current Year To Date 31.03.2014</b>	<b>Preceding Year To Date 31.03.2013</b>
Profit attributable to equity holders of the Company (RM'000)	18,925	12,948	38,422	30,495
Weighted average number of ordinary shares in issue ('000)	227,338	227,338	227,338	227,338
Basic earnings per share (sen)	8.32	5.70	16.90	13.41

### b) Diluted

The Group does not have any convertible instrument as at the date of this report and accordingly diluted earnings per share is not applicable.

## 10. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	<b>Current Year's Quarter 31.03.2014 RM'000</b>	<b>Preceding Year's Corresponding Quarter 31.03.2013 RM'000</b>	<b>Current Year To Date 31.03.2014 RM'000</b>	<b>Preceding Year To Date 31.03.2013 RM'000</b>
<b>After Charging:</b>				
Interest expense	776	35	2,450	1,093
Depreciation and amortization	697	790	2,996	1,647
Loss on disposal of property, plant and equipment	2	-	1,304	-
Provision for liquidated and ascertained damages	-	343	16	343
Provision for bumiputera quota penalties	1,322	151	1,322	151
Property, plant and equipment written off	-	1	61	1
Allowance for doubtful debts	168	120	168	120
<b>After Crediting</b>				
Interest income	1,057	335	2,376	1,370
Gain on disposal of property, plant	-	10	-	30



and equipment				
Gain on disposal of assets held for sale	-	650	-	650
Reversal of provision for liquidated and ascertained damages	25	(323)	153	-
Increase in fair value adjustments of investment property	-	350	-	350

There were no provision for write off of receivables, provision for write off of inventories, gain or loss on disposal of quoted or unquoted investment, foreign exchange gain, gain or loss on derivatives and exceptional items for the current quarter under review and financial year ended 31 March 2014.

## 11. DISCLOSURE ON REALISED AND UNREALISED PROFITS

	<b>As at 31.03.2014 RM'000</b>	<b>As at 31.03.2013 RM'000</b>
Total retained profits of the Company and its subsidiaries		
– Realised	79,765	44,639
– Unrealised	20,496	16,787
	<hr/> 100,261	<hr/> 61,426
Less: Consolidation adjustments	(36,703)	(36,290)
Total Group retained earnings as per statements of financial position	<hr/> 63,558	<hr/> 25,136

## 12. AUTHORISATION FOR ISSUE

These interim financial statements have been authorised by the Board of Directors for issuance in accordance with a resolution of the Directors duly passed at the Board of Directors' Meeting held on 28 May 2014.

By Order of the Board  
Chin Pei Fung (MAICSA 7029712)  
Company Secretary  
Selangor Darul Ehsan  
28 May 2014