

# ANNUAL REPORT 2014



**ASIAN PAC HOLDINGS BERHAD**  
(COMPANY NO. 129-T)



# SUSTAINABLE GROWTH

## ANNUAL REPORT 2014

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# IMAGO:

## A WORLD CLASS SHOPPING EXPERIENCE





# PROJECT HIGHLIGHTS



Imago is a vibrant and exciting development that showcases a world-class podium retail mall with a net leasable area of approximately 800,000 sq.ft. of quality retail space, and is part of the landmark of KK Times Square right in the city centre of Kota Kinabalu, Sabah.

The Loft Residences, perched on top of the retail podium, is a high-end residential development with 631 units of quality serviced apartments comes with a revolutionary rooftop eco-deck. Imago is a continuation of our highly successful Signature Office, which, incidentally, is also another landmark development at our KK Times Square.



Poised to be the epitome of a sophisticated world-class shopping destination. The one and only non-strata lease-only shopping mall in Kota Kinabalu, Imago boasts more than 300 retail outlets, professionally-designed to be market-driven and displaying a superb tenant mix to cater to the needs of the most discerning shoppers, be it lifestyle essentials to dining enthusiasts, fashionistas to entertainment fans, it also comes complete with a departmental store, a supermarket, a cinema and a food zone.

The ultimate focus of Imago is to offer a world-class retail experience never before envisioned or experienced in Kota Kinabalu. Imago, therefore, aims to feature a variety of specialty café, bar and restaurant outlets along its alfresco street walk that is coupled with a gorgeous view of the South China Sea dotted with pristine islands, which are themselves silhouetted by spectacular sunsets.



Located within the new Kota Kinabalu CBD, Imago at KK Times Square, accompanied by Signature Office, The Loft Residences, and with Kota Kinabalu International Airport, Sutera Harbour Resort, Shangri-La Tanjung Aru Resort and Spa and many more prime developments in proximity, is strongly positioned and envisioned to be the most sought-after piece of prime retail real estate.

# THE LOFT:

SEAMLESS SANTUARY OF  
INTEGRATED LIFESTYLE IN KK





# PROJECT HIGHLIGHTS

## *The Loft*

THE FUTURE OF INTEGRATED CONDO LIVING IS HERE

Embrace Kota Kinabalu's finest Living Experience, completing soon in 2014. At the edge of modernity and serenity, The Loft emerges as a haven between worlds. Be captivated by majestic views of the South China Sea, Sutera Harbour Marina Golf and Country Club and downtown Kota Kinabalu. Retreat with loved ones to your own private garden, or the pristine 3-acre Eco Deck. Indulge in a world class shopping experience at your doorstep with Imago retail hub.

The Loft is nestled within the 23-acre KK Times Square and part of a vibrant mixed development featuring signature offices, a Street Walk Boulevard and vast leisure and recreational space. Comprising of 631 units of highly sought-after residence within the integrated hub of KK Times Square. The Loft is offering an exclusive truly unique living concept infused with modernity, exclusivity and vibrancy all in one avenue. The Loft will be a premier address for an integrated lifestyle experience.

# DATARAN LARKIN:

MODERN AND CONTEMPORARY  
SHOP/OFFICE IN JOHOR BHARU







# PROJECT HIGHLIGHTS



Dataran Larkin is the first high end frameless concept Premium Boutique and Showroom Commercial Suite in Johor. It has all the benefits of innovative business hub, a smart convenient commercial address for an ideal location for Premium Retail, Executive Suite and Boutique Showroom.

Each unit is designed with visual impact and practicality in mind. The frameless glass shop front provides a fresh new approach for optimum visibility.

Dataran Larkin consists of 2 phases of commercial development on a 11.68 acre prime freehold land in Johor Bharu.

Phase I consists of 79 units of 2 & 3 storey shop offices which was launched since 2nd quarter of 2012 and has achieved sales of 90% as at 31st July 2014. The expected completion of Phase I will be by October 2014.

Phase II consist of 30 units of 3 storey Premium Boutique and Showroom Commercial Suite and is expected to be launched by September 2014.

The construction works in progress of Dataran Larkin as at 31st July 2014.



# FORTUNE PERDANA:

## LAKESIDE RESIDENCES @ METROPOLITAN PARK





# PROJECT HIGHLIGHTS



Fortuna Perdana is an integrated mixed development consist of 36 units of shop offices and 3 blocks of serviced residences with total 576 units signed with a holistic concept of vibrant lifestyle within the serenity of nature.

An iconic new addition to the Fortune developments, Fortune Perdana Lakeside Residences will be one of the Kepong's most eminent residential address. Comprising 3 blocks of serviced residences overlooking the lush Kepong Metropolitan Park and bustling cityscape, Fortune Perdana is the ideal space for you to relish a taste of green paradise amid modern comforts.

Designed features with Green Building Index (GBI) "Gold" status certified with better usage of resources and environmental friendly design.

Meticulously designed to incorporate the passions of both green and contemporary living, the Eco Deck is a unique 2 acres of facility deck with lush landscape, gardens, lush trees, soothing waters and playgrounds where residents and children come to unwind or interact as a community, a place to rediscover life.

- Integrated mixed development including shop offices and service residences
- 2 acres of facility Eco-Deck with lush landscape areas at the facility deck at level 5
- Captivating lakeside views – Kepong Metropolitan Park
- Designed features with GBI 'Gold' status certified
- 3 tier security with intercom system
- Provide wide range of comprehensive facilities

The project is set to be completed by early 2017 and has achieved sales of 98% as to date.



# DAMANSARA 8:

## PRESTIGIOUS PROJECT @ DAMANSARA DAMAI



## PROJECT HIGHLIGHTS

Damansara 8, is another prestigious project to be developed by Asian Pac Group. It is located at Damansara Damai, an established neighbourhood with existing residential and commercial properties.

This is a mixed-development project, sprawled on 6.5 acres of leasehold land. It consists of 2 blocks (Block A and Block B) of 605 units of residential condominium and 15 units of shop lots, located on the adjoining ground floor. Block A is 33-storey with 246 condo units and 4 units of 'Duplex' located on the 30th and 31st floor. Block B is 25-storey of 359 condo units.

Much consideration has been given to make this project an environmental-friendly endeavour for the benefits of the residents and, as part of our unrelenting commitment, to protect the environment.

The project is expected to be launched by 1st quarter 2015.



# CHAIRMAN'S STATEMENT

*On behalf of the Board of directors of Asian Pac Holdings Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2014.*

## PERFORMANCE REVIEW

In the current financial year under review, the Group recorded a commendable performance with revenue increased by almost three-fold from the preceding financial year of RM103 million to RM284 million. This was mainly attributable to significant increased in sales during the financial year and higher revenue recognised from our on-going development projects from The Loft Residence @ KK Times Square II, Dataran Larkin 1 and Fortune Perdana.

The Group's profit before tax also grew to a record high of RM41 million, an increase of 551% from the preceding financial year of RM6.3 million. The significant improvement in the results was mainly due to profit recognised from the on-going projects mentioned above and various cost saving initiatives.

## OPERATIONAL REVIEW

### PROPERTY DEVELOPMENT

This had been a very busy and eventful year for the Group as we are in the final stage of completing the development works for our flagship project, KK Times Square II in Kota Kinabalu, Sabah. KK Times Square II is being developed into a quality integrated commercial, residential and lifestyle hub and we are retaining the commercial portion, Imago Mall, for future recurring rental income whilst disposing the residential portion, The Loft Residence, for our current property development business.

The property development division continues to be the main revenue driver of the Group, contributing up to 98%, which is equivalent to RM280 million of the Group's revenue. This revenue of RM280 million represents a substantial increase of 182% from RM99.3 million in the preceding financial year. The profit before tax for the property development division rose even more significantly at 655% from RM5.6 million to RM42.3 million as a result of higher profit recognised from The Loft Residence @ KK Times Square II.

## The Loft Residence @ KK Times Square II, Kota Kinabalu

The Loft Residence is amongst the most prestigious developments in the heart of Kota Kinabalu City Centre in Sabah, and is undertaken by our wholly-owned subsidiary, Syarikat Kapasi Sdn Bhd. It comprises 631 units of contemporary and uniquely-designed luxury condominiums on a 15-acre land with a panoramic view of the South China Sea, Sutera Harbour Marina Golf & Country Club and city landscape. This development is an iconic landmark and preferred investment by locals as well as foreigners due to its strategic location, comprehensive facilities and its integrated lifestyle concept.

The Loft has a Gross Development Value ("GDV") of approximately RM558 million and is the main contributor to the Group's performance in the current financial year. We expect the development work for The Loft Residence to be completed and to deliver vacant possession to the purchasers from the 3rd quarter of 2014.

## Dataran Larkin @ Johor Bahru

Dataran Larkin is situated on an 11.68-acre prime land next to the Larkin Bus and Taxi Terminal in Johor Bahru city with ready infrastructure and easy accessibility to the major highways. Dataran Larkin is being developed into 2 phases of commercial development by our wholly-owned subsidiary, Changkat Fajar Sdn Bhd.

Phase 1 comprises 79 units of 2 and 3-storey shop-office with a GDV of RM110 million and was launched in April 2012. The development work progressed steadily during the financial year and we expect to complete this project 6 months ahead of schedule and to deliver the vacant possession to the purchasers in the 4th quarter of 2014.

Phase 2 of Dataran Larkin will consist of 30 exclusive units of 3-storey premium boutique and showroom commercial suites, and is expected to be launched in 3rd quarter of 2014.

## Fortune Perdana @ Lakeside, Kuala Lumpur

Fortune Perdana is a mixed-development project consisting 36 units of shop-office and 3 blocks of 576 units of serviced residence and is developed by our wholly-owned subsidiary, BH Realty Sdn Bhd. This project sits on a 6-acre land and is located in Kepong Entrepreneurs' Park, Kuala Lumpur with complete infrastructures and amenities. Fortune Perdana has a GDV of approximately RM365 million and we have achieved a remarkable take-up rate of 98% within 2 months of the official launch in May 2013.

Currently, the foundation works has reached 55% and we expect this project to be completed in early 2017. Moving forward, we expect Fortune Perdana to be one of the significant contributors to the property development division in the coming financial years.





## Damansara 8 @ Damansara Damai

Damansara 8 is a proposed mixed-development project on a 6.5-acre land in Damansara Damai. This development has been meticulously designed to allow modern contemporary living with environmental-friendly features according to the green lifestyle. It has been designed to feature the wholesome family concept along with a Life & Wellness Deck to meet the needs of the modern family with extra emphasis on security.

It will consist of 2-blocks of 605 units of condominium and 15 units of shop lot with GDV of approximately RM240 million and we expect to launch this project in the 1st quarter of 2015.



## PROPERTY INVESTMENT

We are currently nearing the completion of the development works of our non-strata lease-only shopping mall in Kota Kinabalu, Sabah, which is called "Imago", our Group's crown jewel. Imago Mall is strategically located next to the renowned Sutera Harbour Marina Golf and Country Club, overlooking the South China Sea, situated in Kota Kinabalu city centre, and 5 minutes away from the Kota Kinabalu International Airport. This landmark property has excellent frontage that catches the eyes from every direction with easy accessibility from every part of Kota Kinabalu and satellite towns via an excellent network of roads and a newly constructed 6-lane bridge.

Relentless efforts had been put in to ensure every aspect and functionality of the retail mall are addressed to cater for the needs of the retailers, communities and tourists alike. Imago Mall has over 800,000 sq. ft. of net retail space and is poised to become the main commercial and retail hub that will be a landmark of Kota Kinabalu.



To date, we have achieved more than 80% occupancy rate for the retail mall with a strong trade and tenant mix that offers a quality range of international and local fashion stores, food and beverage outlets, entertainment outlets, kids fashion and activities stores, information, technology, electronics and gadget stores, complemented by a departmental store, a supermarket and a multi-screen cineplex. We anticipate Imago Mall to commence operation at the end of 2014 and will contribute recurrent rental income stream for financial year ending 31 March 2015 onwards.

In the current financial year, the property investment division revenue was RM1.16 million and profit before tax was RM0.56 million as compared to RM1.15 million revenue and RM1.15 million profit before tax in the preceding year. The revenue mainly derived from the leasing of a 6-acre land in Kepong Entrepreneurs' Park.



## CAR PARK OPERATION

The car park operation continues to register positive growth with an increase of 20% in revenue from RM2.47 million to RM2.97 million in the current financial year, while the profit before tax soared to a higher increase of 41% from RM0.89 million to RM1.26 million.

We anticipate that the performance of the car park operation will improve further in the next financial year with the addition of the 2,100 car park bays upon the completion of the KK Times Square II project.

### CORPORATE SOCIAL RESPONSIBILITY ("CSR")

As a responsible corporate citizen, we continue to support activities for the betterment of the community in the form of contributions to approved charity and welfare organisations such as TSM Charity Golf Foundation, Lembaga Kebajikan Perempuan Islam Selangor and MCKK Peace Conference 2013.

We are also mindful of our development plan to build environmental-friendly properties and infrastructures that comply with authority requirements. Our proposed development at Fortune Perdana's residences has achieved a provisional "Gold" status for the Green Building Index which shows of our commitment to carry out our development projects responsibly.

The employees are the Group's greatest assets, and we are committed to promote our human capital by providing continuing education, training and development to enhance employees' knowledge and skills. This will be further enhanced when we set in motion the Continuous Professional Development (CPD) Programme for the employees to improve on professionalism and knowledge, as well as implementing an Internship Programme to help bridge the knowledge and experience gap for the next generation between education and work.

We place great emphasis on workplace health and safety, and will continue to strive to maintain a high level of safety standard and ensure the employees comply with health and safety requirements.

In the current financial year, we have also carried out social and integration activities for the employees to participate and interact by subsidising a trip to Taiwan, and holding an employee-appreciation event with a theme "Heroes and Heroines".

On 19 March 2014, the Company granted 53,740,000 Employees Share Option Scheme ("ESOS") to all eligible employees of the Group to subscribe for new ordinary shares of RM0.20 each in the Company to reward the employees for their contribution, dedication and hard work.

### PROSPECTS

The global economy is forecasted to grow by 3.6% in 2014, an expected increase of 0.6% from 3% in 2013. At the home front, Malaysia's economy is also expected to grow at a stronger pace of 5.5% in 2014 from 4.7% in 2013 mainly due to expected stronger domestic demand and the recovery in exports as a result of the expected growth in the world economy.







However, the Malaysian property market faces some challenges in the indirect form of rising cost of development due to the minimum wage regulation, increase in electricity tariff, fuel subsidy cuts, coupled with direct impacts from property cooling measures such as the increase in the Real Property Gain Tax (RPGT) and the interest rate hike to curb property prices and over-speculation and the impending implementation of the Goods and Services Tax (GST). All these factors have impacted on cost of development and property pricing, thereby potentially weakening the demand of properties by the market.

The Group's property development division will continue to be the main revenue generator in the next financial year. However, we expect the margin for the projects that are rolled out and sold may be affected by the increase in development cost. In addition, the demand for the new properties will be negatively affected by the decrease in household spending due to rising cost of living, rising household debts, government subsidy cuts and other control measures. Nevertheless, we will aim to reduce the impact by developing innovative products in line with new design and lifestyle development, creating better value for purchasers, improving construction quality standards, and building highly-desirable environments.

As for the property investment division and the car park operation, we expect a better performance in the next financial year due to the commencement of the rental income and car park collections from the Imago Mall @ KK Times Square in the 4th quarter of FY 2015. However, the contribution from these divisions to the Group's performance will not be material for the year ending 31 March 2015.

## DIVIDEND

The Board of Directors is pleased to recommend for shareholders' approval at the forthcoming Annual General Meeting a special single tier dividend of 1% per share in respect of the financial year ended 31 March 2014.

## APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff for their dedication, perseverance and unabated efforts and congratulate them for the commendable performance achieved in the current financial year.

To our shareholders, business partners, including bankers and financiers, purchasers, contractors, suppliers and all government authorities, we thank you for your commitment, support and trust in the Group.

Lastly, I would like to express my sincere appreciation to my fellow directors for lending their experience, wise counsel and corporate oversight to the Group throughout the year.

**Tan Sri Dato' Seri Hj Megat Najmuddin  
Bin Datuk Seri Dr Hj Megat Khas**  
Chairman  
28 August 2014

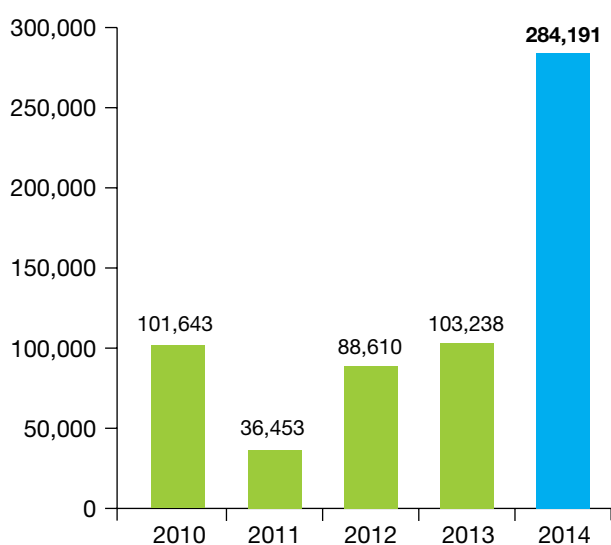


# GROUP FINANCIAL HIGHLIGHTS

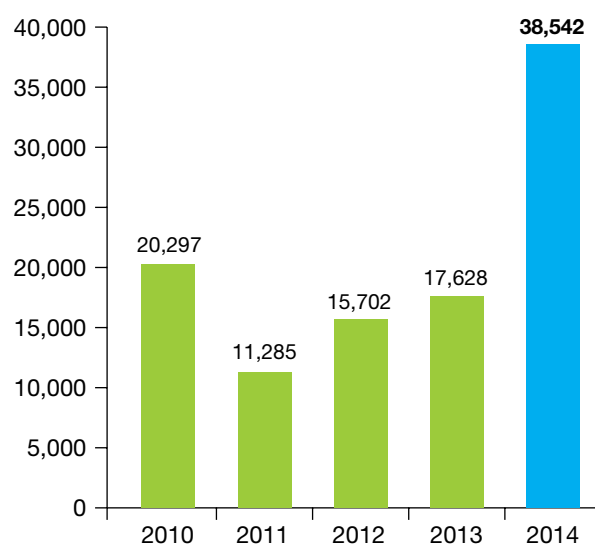
## 5 YEAR GROUP FINANCIAL HIGHLIGHTS

	FINANCIAL YEARS ENDED 31 MARCH				
	2010	2011	2012	2013	2014
Revenue (RM'000)	101,643	36,453	88,610	103,238	284,191
Net Profit Attributable To Equity Holders (RM'000)	20,297	11,285	15,702	17,628	38,542
Earning Per Share (Sen)	2.1	1.2	1.6	1.8	4.0
Net Assets Per Share (Sen)	30.3	31.9	33.2	35.0	38.9

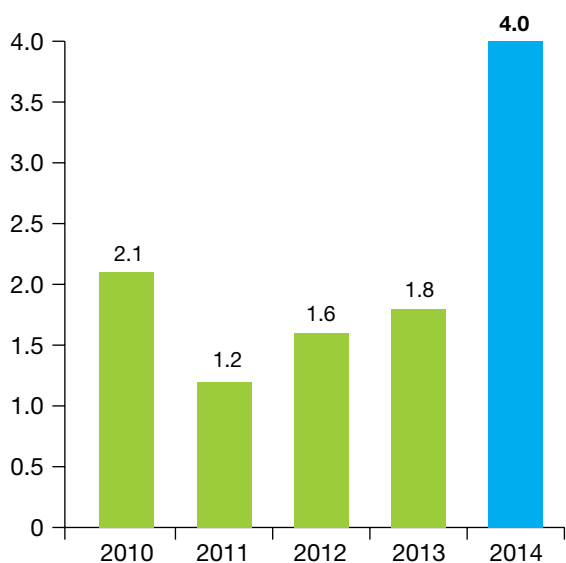
**REVENUE (RM'000)**



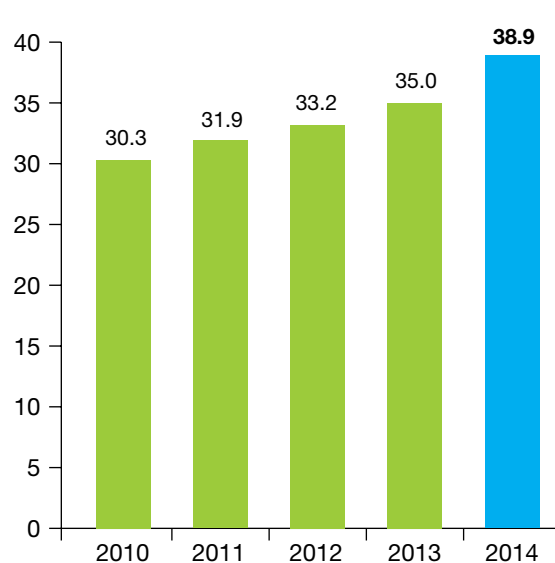
**NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)**



**EARNINGS PER SHARE (SEN)**



**NET ASSETS PER SHARE (SEN)**

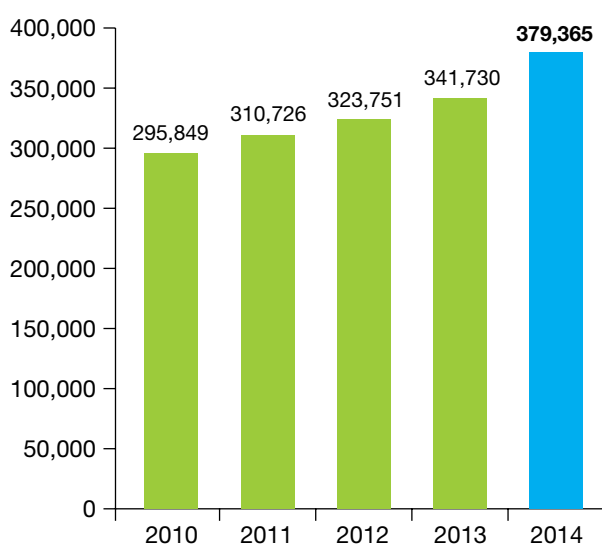




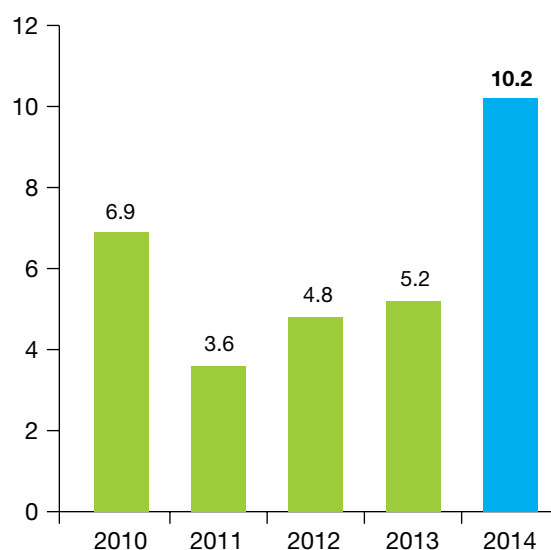
## 5 YEAR GROUP FINANCIAL INDICATORS

	FINANCIAL YEARS ENDED 31 MARCH				
	2010	2011	2012	2013	2014
Shareholders' Equity (RM'000)	295,849	310,726	323,751	341,730	379,365
Return on Equity (%)	6.9	3.6	4.8	5.2	10.2
Net Debt (RM'000) (Note 34, Page 121)	99,295	109,961	139,489	334,011	329,372
Gearing Ratio (%) (Note 34, Page 121)	25	26	30	49	46

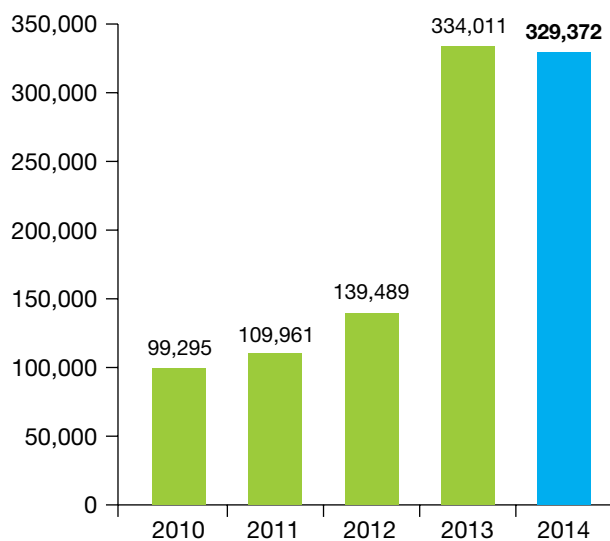
### SHAREHOLDERS' EQUITY (RM'000)



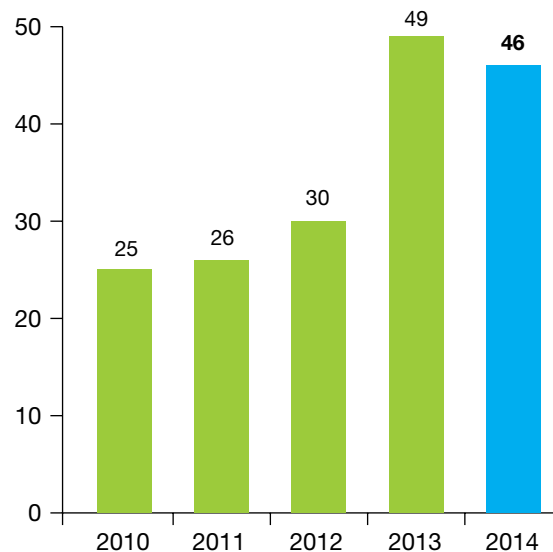
### RETURN ON EQUITY (%)



### NET DEBT (RM'000)



### GEARING RATIO (%)





## BOARD OF DIRECTORS

Tan Sri Dato' Seri Hj Megat Najmuddin  
Bin Datuk Seri Dr Hj Megat Khas  
Dato' Mustapha Bin Buang  
Dato' Mohamed Salleh Bin Bajuri  
Ms Tan Siew Poh  
Dr Yu Tat Loong

Chairman/Independent Non-Executive Director  
Managing Director  
Independent Non-Executive Director  
Non-Independent Non-Executive Director  
Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Sri Dato' Seri Hj Megat Najmuddin  
Bin Datuk Seri Dr Hj Megat Khas (*Chairman*)  
Dato' Mohamed Salleh Bin Bajuri  
Ms Tan Siew Poh

## SHARE REGISTRAR

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel No: 03-2264 3883  
Fax No: 03-2282 1886

## REMUNERATION COMMITTEE

Tan Sri Dato' Seri Hj Megat Najmuddin  
Bin Datuk Seri Dr Hj Megat Khas (*Chairman*)  
Dato' Mustapha Bin Buang  
Dato' Mohamed Salleh Bin Bajuri

## REGISTERED OFFICE

12th Floor, Menara SMI  
No. 6, Lorong P. Ramlee  
50250 Kuala Lumpur  
Tel No: 03-2078 1207  
Fax No: 03-2031 1968  
Website: [www.asianpac.com.my](http://www.asianpac.com.my)

## NOMINATION COMMITTEE

Tan Sri Dato' Seri Hj Megat Najmuddin  
Bin Datuk Seri Dr Hj Megat Khas (*Chairman*)  
Dato' Mohamed Salleh Bin Bajuri  
Ms Tan Siew Poh

## AUDITORS

Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur

## EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Dato' Mustapha Bin Buang (*Chairman*)  
Mr Wong Yee Kean  
Ms Liew Yin Yee  
Ms Susan Yap Chui Suan  
Ms Chan Yoon Mun

## PRINCIPAL BANKERS

Affin Investment Bank Berhad  
Alliance Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad  
Kuwait Finance House (Malaysia) Berhad

## SECRETARIES

Ms Chan Yoon Mun, ACIS (*MAICSA 0927219*)  
Ms Ooi Mei Ying (*MAICSA 7051036*)

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

## **TAN SRI DATO' SERI HJ MEGAT NAJMUDDIN BIN DATUK SERI DR HJ MEGAT KHAS MALAYSIAN, AGED 69**

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas was appointed as a Non-Executive Director and Chairman of the Company on 19 October 1994. He is an Independent Director and serves as the Chairman of the Audit and Risk Management, Nomination and Remuneration Committees of the Company.

He holds an Honours Degree in Law from the University of Singapore. He was a lawyer by profession and practiced for 14 years until 1986 when he went into full time politics. He was formerly the State Assemblyman of Kelana Jaya, Selangor for two terms (1986 – 1990 and 1990 – 1995).

He was appointed Executive Committee Member of the Federation of Public Listed Companies Berhad (FPLC) in August 1994 and elected President in October 1997. He represents this organization to the High Finance Committee of the Ministry of Finance. Further, he was also one of the first members of the Management Committee of the Malaysian Institute of Corporate Governance (MICG), and was elected President in April 1998. In addition, he was appointed as a member of the National Economic Consultative Council 2 (NECC 2) by the then Prime Minister, where he was involved in the Human Resource Development Committee. In September 1999, he was appointed to the Capital Market Strategic Committee by the then Finance Minister and in August 2001, he was appointed as a member of the Corporate Debt Restructuring Committee (CDRC) of Bank Negara. He now sits on UMNO Malaysia's Disciplinary Committee and is an Adjunct Professor at Faculty of Law, University Utara Malaysia. He is currently made a member of the Advisory Board of the Malaysian Anti-Corruption Commission (MACC) and Bank Negara Malaysia's Financial Directors' Education Steering Committee (FIDE).

Tan Sri Dato' Seri Hj Megat Najmuddin also holds directorships in SEG International Bhd (Chairman), Formis Resources Berhad (Chairman), MajuPerak Holdings Berhad (Chairman), Tradewinds Corporation Berhad (Chairman) and Petrolia Nasional Berhad (PETRONAS).

Tan Sri Dato' Seri Hj Megat Najmuddin attended all the 5 board meetings which were held in the financial year ended 31 March 2014.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past ten (10) years.

## **DATO' MUSTAPHA BIN BUANG MALAYSIAN, AGED 66**

Dato' Mustapha Bin Buang is the Managing Director of the Company. He first joined the Board as a Non-Executive Director on 14 October 1994. He is a member of the Remuneration Committee and the chairman of the Employees' Share Option Scheme Committee.

He holds a degree in Economics from University Malaya. After graduation in 1972, he joined the Johore State Government as an Economic Planner. He then joined the finance industry from the year 1974 holding senior management position and gathered 16 years experience in the finance sector. Besides he holds directorships in several private limited companies, he also acts as Deputy President of Tan Sri Muhyiddin Charity Golf since 2006, Board of Trustee of Tan Sri Muhyiddin Charity Golf Foundation since 2010 and Trustee/Board of Yayasan Nurul Yaqeen since January 2005.

Dato' Mustapha attended all the 5 board meetings which were held in the financial year ended 31 March 2014.

Dato' Mustapha does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past ten years.

**DATO' MOHAMED SALLEH BIN BAJURI**  
**MALAYSIAN, AGED 63**

Dato' Mohamed Salleh Bin Bajuri was appointed as an Independent Non-Executive Director of the Company on 27 March 2001. He is also a member of the Audit and Risk Management, Nomination and Remuneration Committees of the Company.

He obtained his Chartered Accountant qualification from the Institute of Chartered Accountants, Ireland.

He started his career in Malaysia in 1978 with Peat Marwick & Co. as Senior Audit. In 1979, he joined Mayban Finance Berhad as Manager and was subsequently promoted to General Manager in 1982. He was then promoted to General Manager of Malayan Banking Berhad in 1988 and served in this position until 1992. In 1992, Dato' Salleh served as the Managing Director of JB Securities Sdn Bhd, a stockbroking firm which he was a founder member. After selling his equity stake in the said stockbroking firm in 1995, he joined CRSC Holdings Berhad as an Executive Director. CRSC is principally engaged in property development and property management. Presently, he holds the position of Deputy Chairman of CRSC Group of Companies.

Between 1982 and 1987, he was Alternate Chairman of the Association of Finance Companies in Malaysia (AFCM) and was Chairman of the AFCM Committees for Education and Public Relations. He has also served as a Director in Saham Sabah Berhad from 1997 to 1999. He was a trustee for Tabung Anak-Anak Melayu Pontian from 1995 to 2006 and Yayasan Kebajikan SDARA from 1997 to 2002. He was a Chairman of Agro Bank Malaysia (formerly known as Bank Pertanian Malaysia Berhad) from 2008 until June 2010. Dato' Salleh has been the Treasurer at Tan Sri Muhyiddin Charity Golf since 2007.

Dato' Salleh is presently a Director of Eden Inc. Berhad, Harbour Link Group Berhad, SAM Engineering & Equipment (M) Bhd and Milux Corporation Bhd, all public companies listed on Bursa Malaysia Securities Berhad.

Dato' Salleh attended all the 5 board meetings which were held in the financial year ended 31 March 2014.

Dato' Salleh does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past ten (10) years.

**TAN SIEW POH**  
**MALAYSIAN, AGED 51**

Ms Tan Siew Poh was appointed to the Board of the Company as Non-Independent and Non-Executive Director on 18 March 2008. She is also a member of the Audit and Risk Management Committee and Nomination Committee of the Company.

Ms Tan graduated from the University of Melbourne, Australia with a Bachelor of Commerce majoring in Accounting and Economics and is a Certified Practising Accountant. She is a member of the CPA Australia and Malaysia Institute of Accountants. Ms Tan commenced her career with Prudential Assurance Berhad for about three years in the Investment Division before moving on to join the Corporate Finance Division in Asian International Merchant Bankers Berhad in 1990. Ms Tan then joined Rashid Hussein Securities Sdn Bhd in 1993 and last held the position of Assistant General Manager of Corporate Finance, before moving on to oversee the Corporate Planning Division of the group in 1996. Presently, she is also a director of South Malaysia Industries Berhad.

Ms Tan attended all the 5 board meetings which were held in the financial year ended 31 March 2014.

Ms Tan does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which she has a personal interest. She does not have any conviction for offences within the past ten (10) years.

**DR YU TAT LOONG  
MALAYSIAN, AGED 38**

Dr Yu Tat Loong was appointed to the Board of the Company as Executive Director on 28 May 2013.

Dr Yu first graduated with a B.Eng in Civil Engineering from the University of Bath, UK, before proceeding directly to obtain his Ph.D from University of Cardiff with his research on aerospace structures and optimisation algorithms. He is a member of The Royal Institution of Chartered Surveyors (MRICS) and has over 10 years of professional experience in real estate development and management projects in countries like China and Malaysia.

He possesses vast experience in design, planning and construction of real estate as well as overall management from leasing to marketing, property management to engineering maintenance of retail, office and hospitality with total assets value worth more than USD600 million.

Dr Yu attended four (4) out of five (5) board meetings which were held in the financial year ended 31 March 2014.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which he has a personal interest. He does not have any conviction for offences within the past ten (10) years.

## CORPORATE GOVERNANCE STATEMENT

The Malaysian Code on Corporate Governance 2012 (“the Code”) sets out the broad principles and specific recommendations on structure and processes that companies should or are encouraged to adopt in making good corporate governance an integral part of their business dealings and culture.

The Board of Directors believes that good corporate governance is the key to the improved long-term performance of the Group and that a sound governance structure is fundamental to safeguard the interests of all its stakeholders.

The statement below sets out how the Group has applied the principles and the extent of its compliance with the recommendations of good governance throughout the financial year ended 31 March 2014.

### 1. THE DIRECTORS

#### 1.1 Board Composition and Balance

The Board presently consists of five (5) members; comprising a Managing Director, an Executive Director, two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The current Board fulfills the prescribed requirements for one-third (1/3) of the membership of the Board to be Independent Board Members. Collectively, the Directors have the necessary mix of skills and experience ranging from business, finance, legal, property development and corporate to general disciplines in managing the Group’s business. Brief profile of each Director is presented from pages 19 to 21 of this Annual Report.

The current composition is well balanced and caters effectively to the scope and the Group’s operations. The Managing Director and Executive Director have the overall responsibility to oversee the operations and affairs of the Group, providing leadership, strategic vision and meeting immediate performance targets without neglecting long-term growth opportunities of the Group; whilst the role of Independent Non-Executive Directors are bringing independent judgement and ensuring all issues proposed by the Management are fully discussed and examined to take into account the long term interests, to the shareholders as well as the stakeholders such as the employees, customers and business associates. The Chairman being an Independent Non-Executive Director of the Company also provides a clear division of responsibility between the Chairman and the Managing and/or Executive Directors to ensure a balance of power and authority.

#### 1.2 Board Assessment of its Independent Directors

The Board acknowledges the importance of Independent Non-Executive Directors, who provide objectivity, impartiality and independent judgement to ensure that there is adequate check and balance on the Board. The Independent Non-Executive Directors ensure the business and investment proposals presented by the management are fully deliberated and examined. They perform a key role by providing unbiased and independent views, advice and judgement which take into account the interest of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.

The Code recommended that the tenure of Independent Director should not exceed nine (9) years cumulatively and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to re-designation as a Non-Independent Director.

To be in line with the Code’s recommendation, the Company has decided to seek shareholders’ approval to retain both Tan Sri Dato’ Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas and Dato’ Mohamed Salleh Bin Bajuri who have served the Board for more than nine (9) years to continue to be Independent Non-Executive Directors.



The Company had obtained shareholders' approval at last AGM to retain Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas and Dato' Mohamed Salleh Bin Bajuri as Independent Non-Executive Director of the Company. The Company shall seek for shareholders' approval again at the forthcoming 96th AGM to retain them as Independent Non-Executive Directors of the Company following an assessment by the Nomination Committee and recommendation by the Board based on the following justifications:

- (1) Independent Guidelines set by Bursa Securities - They continue to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (2) Effective of Board and Board Committees - They ensured effective check and balance in the proceedings of the Board and Board Committees; and
- (3) Fiduciary duties - They exercised due care and carried out their professional and fiduciary duties in the interest of the Company and shareholders during the tenure as Independent Non-Executive Directors of the Company.

### 1.3 Board Responsibilities

The Board's main duties include regular oversight of the Group's business operations and financial performance, ensure that the infrastructure, internal controls and risk management processes are firmly in place, assess and manage business risks, inter-alia, operational, credit, market and liquidity risks. The Board is also to approve annual operating budget, major capital expenditures, material acquisitions and disposal of assets.

### 1.4 Board Meetings

The Board meets once every quarter to review the Group's annual and quarterly financial reports and performance, approving strategic business plans, operational and development of the Group. Additional meetings will be held as and when the need arises.

Board meetings are governed by a structured formal agenda and the agenda for each Board meeting and papers relating to the agenda for each Board Meeting and papers together with the supporting documents relating to the agenda items are forwarded to all Directors for their perusal in advance of the date of the Board meeting.

During the financial year ended 31 March 2014, a total of five (5) Board meetings were held. The Board recorded its deliberations in terms of matters discussed and all proceedings at the Board Meetings were minuted and confirmed by the Chairman of the meeting. Directors were also informed of restriction period in dealing with the securities of the Company at least one month prior to the release of the quarterly financial announcement.

The attendances of the Directors at Board Meetings held during the financial year are as follows:-

Name of Directors	Number of Meetings Attended/Held
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	5/5
Dato' Mustapha Bin Buang	5/5
Dato' Mohamed Salleh Bin Bajuri	5/5
Tan Siew Poh	5/5
Dr Yu Tat Loong	4/5

## 1.5 Board Committees

The Board has delegated specific responsibilities to the following Committees to assist in the discharge of its duties and responsibilities. Each of the following Committees operates under clearly defined terms of reference and the Chairman of the respective Committees reports to the Board on the outcome of the Committee Meetings:

- **Audit and Risk Management Committee**  
The Composition and Terms of Reference of the Audit and Risk Management Committee together with its report is presented from pages 31 to 34.
- **Nomination Committee**  
The Nomination Committee comprises exclusively Non-Executive Directors in accordance with the Code.  
  
The Nomination Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director, provided that the Chairman of the Nomination Committee, in developing such recommendations, consults all directors and reflects that the recommendation made by the Nomination Committee to the Board.
- **Remuneration Committee**  
The Remuneration Committee is responsible for developing the remuneration framework and remuneration packages of the Executive and Managing Directors and recommending the same to the Board for approval.
- **Employees' Share Option Scheme Committee**  
The Employees' Share Option Scheme Committee is primarily to administer the Employees' Share Option Scheme in accordance with the scheme's objectives, By-Laws and guidelines affecting the scheme. The ESOS Committee meets as and when required.

However, the ultimate responsibility for the final decision on all matters lies with the entire Board.

## 1.6 Supply of Information

The Directors are provided with timely and relevant information to discharge their duties and responsibilities, which include, amongst other, quarterly and annual financial statements, board papers recommending business and operational decisions, corporate and business development plans, status reports, minutes of meetings and reports/opinions from independent advisors.

All Directors have access to the information from the Group's senior management and the Company Secretaries' advices and services. If required, the Directors, whether as a full Board or in their individual capacity may take independent professional advice in the furtherance of their duties at the Company's expense.

## 1.7 Appointments to the Board

The Nomination Committee is responsible for assessing and making recommendations on any new appointments to the Board for deliberation. In making these recommendations, due consideration is given in the required mix of skills, expertise, knowledge and experience that the proposed directors shall bring to complement the Board.

The Board, through the Nomination Committee, assesses the effectiveness of the Board as a whole, the committees of the Board and the contributions of each Director on an ongoing basis. The Board is also annually reviewed by the Nomination Committee for the required mix of skills, experiences and other qualities including core competencies.

## 1.8 Re-election

The Articles of Association of the Company provide that at every annual general meeting of the Company, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. The Articles further provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

## 1.9 Directors' Training

All members of the Board have attended Mandatory Accreditation Program prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board acknowledged the fact that continuous education is vital for the Directors to equip themselves with the relevant knowledge to discharge their responsibilities and duties more effectively by evaluating and determining the specific and continuous training needs for each Director on a regular basis.

During the financial year ended 31 March 2014, the Directors of the Company attended the training programme as detailed below:

Name of Director	Title	Organizer	Date
Tan Sri Dato' Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	National Personal Assistant, Secretaries & Administrators Conference 2013	Malaysia Institute of Corporate Governance ("MICG")	10 April 2013
	Economic Crimes and Governance	University Technology Mara	28 May 2013
	27th Asia-Pacific Roundtable (APR) Plenary	Institute of Strategic & International Studies Malaysia	3-4 June 2013
	Asian Roundtable on Corporate Governance of Securities Commission	Malaysia Securities Commission	5 June 2013
	International Corporate Governance Seminar	Malaysia Securities Commission	6 June 2013
	17th Asia Oil & Gas Conference	Malaysian Oil & Gas Services Executive Council	10 June 2013
	Bursa Invest Malaysia 2013	Bursa Malaysia Securities Berhad	13-14 June 2013
	Asian 2nd Education Conference	Asian World Summit	25 June 2013
	Corporate Fraud & Financial Crime Seminar	MICG	1 July 2013
	Branding Entrepreneurs Conference	Branding Association	29 August 2013
	Malaysia Airports Risk Management Conference	Malaysia Airport Holdings Berhad	2 October 2013
Young Executive Conference	Irshad HR Consultant	31 October 2013	

Name of Director	Title	Organizer	Date
Tan Sri Dato' Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	Inaugural ASEAN Corporate Governance Summit 2013	MICG	6 November 2013
	3rd Annual Personal Data Protection Conference	Asian World Summit	9 December 2013
	6th Annual Corporate Governance Summit	Asian World Summit	4 March 2014
	Inaugural Conference of the Jeffrey Cheah Institute on South East Asia	Asian Strategic & Leadership Institute	18-19 March 2014
	National Town Planning & Regulatory Updates Seminar	MICG	25 March 2014
	Offshore Technology Conference Asian 2014	International Conference & Exhibition Professional	25-28 March 2014
Dato' Mustapha Bin Buang	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	Bursa Malaysia Securities Berhad	18 March 2014
Dato' Mohamed Salleh Bin Bajuri	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	Bursa Malaysia Securities Berhad	20 June 2013
	Nominating Committee Programme	The Iclif Leadership & Governance Centre	7 October 2013
Tan Siew Poh	Related Party Transaction from Governance Challenges to Impactful Results	Bursatra Sdn Bhd	9 September 2013
Dr Yu Tat Loong	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	Bursa Malaysia Securities Berhad	18 March 2014

## 2. DIRECTORS' REMUNERATION

### 2.1 Remuneration Policy and Procedure

The Remuneration Committee reviews the annual salaries, incentive programmes, service arrangements and other employment conditions for the Executive and Managing Directors. They shall ensure that the Company's Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration shall be sufficient to attract and retain Directors to run the Company and Group successfully.

During the financial year, the remuneration package for the Managing Director and Executive Director were recommended by the Remuneration Committee and approved by the Board with the individual director affected not involved in the approval of their own packages; whilst the directors' fees are recommended by the Board for approval of the shareholders at the Annual General Meeting.

### Details of Remuneration

The details of the remuneration of the Directors of the Company for the financial year ended 31 March 2014 are disclosed under Note 22 on page 107 of this Report.

## 3. SHAREHOLDERS

### 3.1 Dialogue between Company and Investors

Shareholders and investors are kept informed of all major developments within the Group by way of announcements via the Bursa Malaysia Link, the Company's annual report, website and other circulars to shareholders. The principle forum for dialogue with shareholders is during the Annual General Meetings.

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in a question and answer session. Directors are available to respond to shareholders' questions during the meeting. Extraordinary General Meetings are held as and when required.

The Board has designated Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as the Senior Independent Non-Executive Director to receive and deal with all shareholders'/public enquiries. Such enquiries must be made in writing and be directed to the Senior Independent Non-Executive Director as follows:-

Asian Pac Holdings Berhad  
Senior Independent Non-Executive Director  
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas  
12th Floor, Menara SMI  
No. 6, Lorong P. Ramlee  
50250 Kuala Lumpur  
Tel No: 03-20781207  
Fax No: 03-20311968

## 4. ACCOUNTABILITY AND AUDIT

### 4.1 Financial Reporting

For financial reporting through quarterly reports to the Bursa Securities and the annual report to shareholders, the Directors have a responsibility to present a fair statement of the Group's position and prospect. The Audit and Risk Management Committee assists the Board in reviewing information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169(15) of the Companies Act 1965 is set out on page 42 of this Report.

### 4.2 Statement on Directors' Responsibility for Preparing Financial Statements

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which have been made out in accordance with applicable financial reporting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enables them to ensure the financial statements comply with the Companies Act 1965 and the Listing Requirements of Bursa Securities.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

#### **4.3 Internal Control**

Information on the Group's Internal Control is presented in the Statement on Risk Management and Internal Control laid out on pages 35 to 36.

#### **4.4 Relationship with Auditors**

The role of the Audit Committee in relation to external auditors may be found in the Audit and Risk Management Committee Report. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

This statement is reviewed and approved by the Board of Directors in the meeting held on 24 July 2014.

## Share Buybacks

The Company did not make any share buybacks during the financial year.

## Options, Warrants or Convertible Securities Exercised

Other than options granted pursuant to Employees' Share Option Scheme ("ESOS"), the Company did not issue any warrants or convertible securities during the financial year.

The background and salient features of ESOS are disclosed in Note 14 on pages 99 to 100 of this Annual Report.

Disclosure of ESOS information Pursuant to Appendix 9C, Part A (27) of Main Market Listing Requirements of Bursa Securities is as follows:

(a) Brief Details of the ESOS:

ESOS Movement	During the financial year
Total number of options granted on 19 March 2014	53,740,000
Total number of options exercised	Nil
Total number of options forfeited	Nil
<b>Total options outstanding as at 31.03.2014</b>	<b>53,740,000</b>

b) ESOS granted to Directors and Chief Executive of the Company

ESOS Movement	During the financial year
Total number of options granted on 19 March 2014	9,097,500
Total number of options exercised	Nil
Total number of options forfeited	Nil
<b>Total options outstanding as at 31.03.2014</b>	<b>9,097,500</b>

c) ESOS granted to Directors and Senior Management of the Group

	Since Commencement of the ESOS	During the financial year
Aggregate maximum allocation in percentage	50%	50%
Actual percentage granted	40.12%	21.56%

d) ESOS granted to Non-Executive Directors of the Company during the financial year:

No	Name	Amount of Options Offered	Amount of Options Exercised
1	Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	3,150,000	-
2	Dato' Mohamed Salleh Bin Bajuri	2,150,000	-
3	Tan Siew Poh	2,100,000	-
	<b>Total</b>	<b>7,400,000</b>	<b>-</b>



### **Depository Receipt Programme**

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

### **Sanctions and/or Penalties Imposed**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

### **Non-Audit Fee**

There was a non-audit fee of RM7,000 paid to the External Auditors for reviewing the Statement on Risk Management and Internal Control for the financial year ended 31 March 2014.

### **Variation in Results**

There were no variances of 10% or more between the audited results and the unaudited results announced for the financial year ended 31 March 2014.

### **Profit Guarantee**

There were no profit guarantees given by the Company during the financial year.

### **Material Contracts Involving Directors' and Substantial Shareholders' Interest**

The Company and its subsidiaries did not enter into any material contracts which involved the interests of the Directors or substantial shareholders during the financial year.



## COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit Committee during the financial year under review were:-

### Chairman

Tan Sri Dato' Seri Hj Megat Najmuddin Bin  
Datuk Seri Dr Hj Megat Khas

Independent Non-Executive Director

### Members

Dato' Mohamed Salleh Bin Bajuri  
Ms Tan Siew Poh

Independent Non-Executive Director  
Non-Independent Non-Executive Director

## TERMS OF REFERENCE

### 1) Composition of Audit and Risk Management Committee (“the Committee”)

The Committee shall be appointed by the Directors from among its members which fulfils the following requirements:-

- a) the Committee must be composed of no fewer than 3 members;
- b) all of the Committee must be non-executive directors with a majority of them being independent directors;
- c) no alternate director of the Board shall be appointed as member of the Committee; and
- d) at least one member of the Audit Committee:-
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
    - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
    - (cc) fulfils such other requirements as prescribed or approved by the Exchange.

The Committee shall elect a chairman from among its members who shall be an independent director.

In the event that a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

### 2) Meetings

The Committee shall meet at least four times a year.

The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

### 3) Secretary to the Committee

The Company Secretary shall be the secretary of the Committee.

### 4) Quorum

A quorum shall consist of a majority of members who are independent directors.

**5) Authority**

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorized by the Board to obtain external legal or other independent professional advice as necessary.

The Committee is authorized 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.

**6) Duties and Responsibilities**

The duties and responsibilities of the Committee shall be:-

- i) To review the quarterly financial statements announcements to Bursa Malaysia Securities Berhad and annual financial statements prior to approval by the Board, focusing on:-
  - going concern assumption;
  - compliance with accounting standards and regulatory requirements;
  - any changes in accounting policies and practices;
  - significant issues arising from the audit;
  - significant and unusual events
  - major judgemental areas.
- ii) To review with the external auditors on the following:-
  - their audit plan;
  - their evaluation of the system of internal controls;
  - their audit report;
  - problems and reservations arising from their interim and final audits;
  - the assistance given by the employees of the Company and the Group to the external auditors; and
  - the audit fees and on matters concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as auditors.
- iii) To review the internal audit functions on the following:-
  - adequacy and relevance of the scope, functions, competency and resources of the internal audit department and that it has the necessary authority to carry out its work;
  - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and
  - internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings.
- iv) To review with Risk Management Working Committee on the following:
  - Statement of Risk Management and Internal Control;
  - Overall risk management system;
  - Key risks and their management;
  - Policies and framework to which the Group is exposed, especially in areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, eg, strategic, operational, health & safety, regulatory and legal;
  - Business strategies and plans from a risk-based and enterprise-wide perspective;
  - Risk management responsibilities through identifying, measuring, managing, reporting and monitoring all categories of business risk across the Group.

- v) To monitor related party transactions and conflict of interest situation that may arise within the Company and Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- vi) To assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the Company and the Group by reviewing the external auditors' management letters and management response.
- vii) To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- viii) To report to the Board its activities, significant results and findings.
- ix) To verify the allocation of options as being in compliance with the criteria for allocation pursuant to the By-Laws of Employees' Share Option Scheme.

## ATTENDANCE OF MEETINGS

The Committee held five (5) meetings during the financial year. The following is the number of meetings attended by each member:-

Name of Committee members	Number of meetings attended
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	5/5
Dato' Mohamed Salleh Bin Bajuri	5/5
Ms Tan Siew Poh	5/5

The Executive Directors and Head of Finance Department were invited for each Audit and Risk Management Committee meetings. Other senior management would also be invited to attend whenever deemed necessary. The external auditors were invited to attend two (2) of these meetings where they raised areas of concern and matter related to audit. The external auditors also had a meeting with the Audit and Risk Management Committee without the presence of Executive Board Members and Management.

## SUMMARY OF ACTIVITIES

Pursuant to the terms of reference of the Audit and Risk Management Committee, the following activities were carried out by the Audit and Risk Management Committee during the financial year ended 31 March 2014 in discharge of its duties and responsibilities:-

- i) Reviewed the internal audit charter and the adequacy and relevance of the scope, functions, resources, internal audit plan and results of the internal audit processes with the Internal Audit Department; and that it has the necessary authority to carry out its work.
- ii) Reviewed with the external auditors, their audit plan (including system evaluations, audit fees, issues raised and management's responses) prior to the commencement of the annual audit;
- iii) Reviewed the unaudited quarterly results and annual audited financial statements with the management and made recommendations thereon to the Board for approval;
- iv) Reviewed the financial statements, the audit report, issues arising from audits and the management letter with the external auditors;

- v) Reviewed the Statement on Risk Management and Internal Control for publication in the Company's annual report;
- vi) Reviewed the Internal Audit reports on finding and recommendations and management's response thereto to ensure adequate remedial actions have been taken; and
- vii) Reviewed and verified the auditors' remuneration to ensure its adequateness and fairness.

## **STATEMENT ON SHARE ISSUANCE SCHEME ("ESOS") BY THE COMMITTEE**

The Audit Committee has verified the allocation of options under the ESOS for the financial year ended 31 March 2014 and noted its compliance with the criteria for the allocation of options in accordance with the By-Laws of ESOS.

## **INTERNAL AUDIT FUNCTION/ACTIVITIES**

The Internal Audit Department of the Group was established to assist the Board of Directors and the Audit Committee in discharging their duties and responsibilities. The Department undertakes its functions based on the annual internal audit plan that is reviewed and approved by the Audit Committee, and it is committed to provide independence assurance on effectiveness and adequacy of the system of internal control.

A risk-based approach is adopted to prioritize the Department's efforts to the critical business risk areas within the Group. These are designed to evaluate and enhance risk management, internal control and governance processes to assist management in achieving business objectives.

During the financial year, audit assignments covering financial, operational and compliance audits were carried out in accordance with the annual internal audit plan approved by the Audit Committee. The resulting reports of the audit undertaken were presented to the Audit Committee and forwarded to the management for attention and necessary actions. The Internal Audit Department set up a monitoring process to determine the extent to which its recommendation has been implemented and report to the Audit Committee on a quarterly basis.

The Company's internal audit function is performed in-house. The total internal audit costs incurred for internal audit function were RM208,313 (RM133,284 in FYE 2013) during the financial year.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Financial Year Ended 31 March 2014



## INTRODUCTION

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement outlining the nature and internal control of the Group during the financial year ended 31 March 2014. This statement has been prepared by taking into account the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”) and Paragraph 15.26(b) of the Main Marketing Listing Requirements of Bursa Malaysia Securities Berhad.

## BOARD RESPONSIBILITY

The Board is responsible for the Group’s internal control and risk management system to safeguard shareholders’ investment and the Group’s assets as well as reviewing the adequacy and effectiveness of the said system.

With the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group’s business objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement, loss or fraud.

The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risk it faces. This process has been in place for the financial year under review and up to the date of approval of this statement.

## RISK MANAGEMENT

The Group has a structured risk management framework, a risk management assessment process to identify significant risks, and the mitigating measures thereof. The Board is assisted by the Audit and Risk Management Committee (“ARMC”), to implement the risk management policy on existing established structures and mechanism. The ARMC is responsible for providing reasonable assurance to the Board that the risks it faces are being effectively addressed by the assistance of Risk Management Working Committee (“RMWC”). The RMWC which comprises heads of business units is entrusted with the responsibility of ensuring that an appropriate risk management framework exists within the Group and effectively manages the key risks of the Group.

## INTERNAL AUDIT FUNCTION

The ARMC evaluates the internal audit function to assess its effectiveness in the discharge of its responsibilities. Observations from these audits are presented, together with Management’s response and proposed action plans, to the ARMC for its review. The internal audit function also follows up and reports to the ARMC on the status of implementation of action plans by Management on the recommendations highlighted in the internal audit reports, especially on areas where material internal control deficiencies or lapses have been noted. Further details of the activities of the internal audit function are provided in the Audit Committee Report.

## INTERNAL CONTROL

The key elements of the Group’s internal control system are described below:

- (a) Limits of authority and responsibility  
Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant charters/terms of reference, organisational structures and appropriate authority limits.
- (b) Written policies and procedures  
Clearly defined internal policies and procedures as set out in the Group’s Standard Operating Procedures Manual are regularly updated to reflect changing risks or to address operational deficiencies.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Financial Year Ended 31 March 2014

## (c) Planning, monitoring and reporting

- The adequacy of the Group's internal controls is based on the components of the Group's Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Integrated Framework.
- The Audit Committee reviews the effectiveness and efficiency of the internal control system on a quarterly basis, which is subsequently reported to the Board.
- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to Senior Management for the monitoring of performance against strategic plan; and
- Written declaration by all employees confirming their compliance with the Group's Business Code of Conduct and Ethics is in place to support the business objectives.

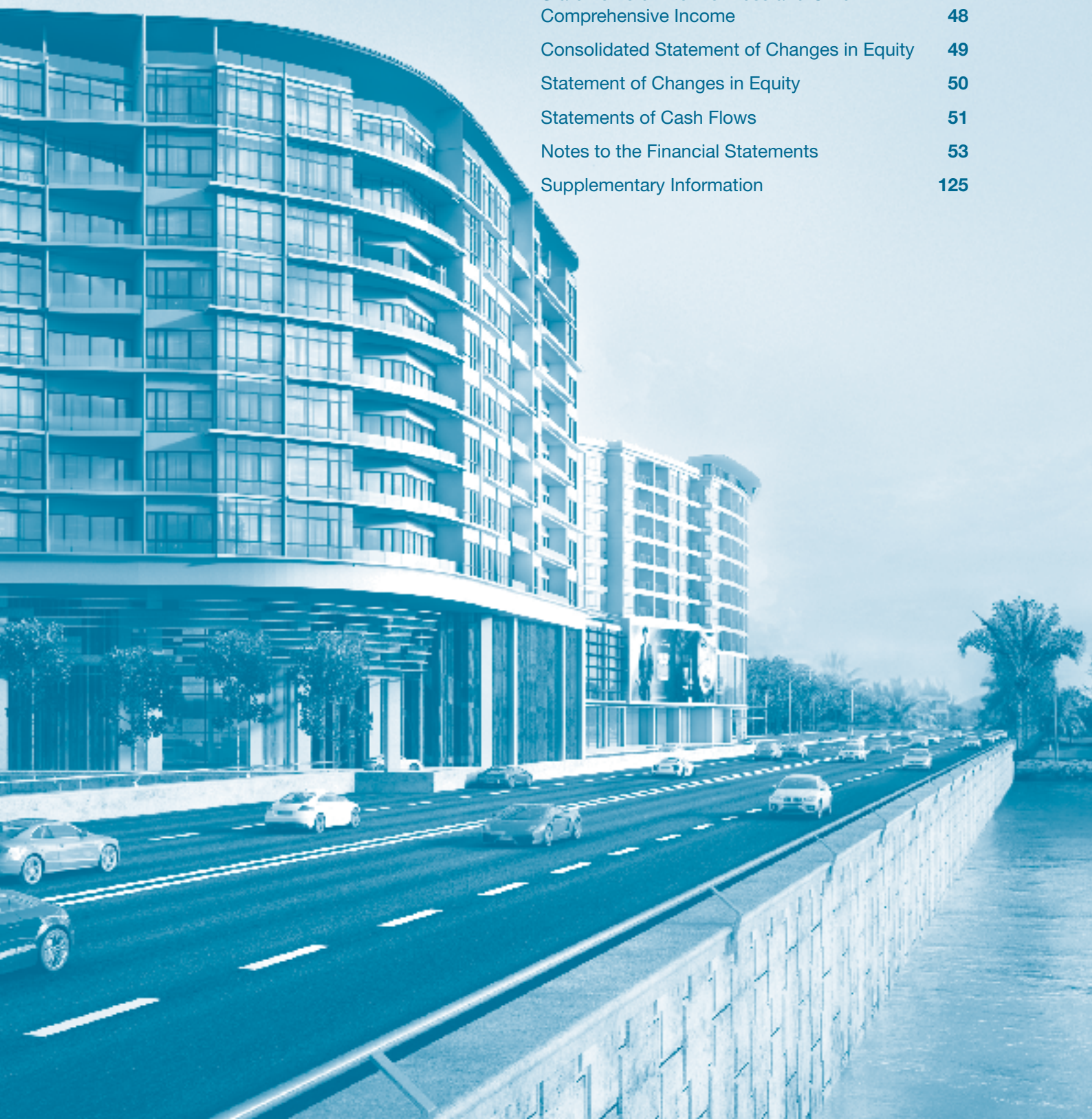
## CONCLUSION

The Board is pleased that it has received the assurance from the Managing Director, Executive Director and the Financial Controller that the risk management and internal control system in place for the financial year under review, and up to the date of approval of this statement, is satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control system in meeting the Group's strategic objectives.

This statement is reviewed and approved by the Board of Directors in the meeting dated 24 July 2014 and had been reviewed by the external auditors.

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The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

## PRINCIPAL ACTIVITIES

The Company is principally involved in the holding of securities for investment purposes, provision of management services and trading of building materials.

The principal activities of the subsidiaries and associate are disclosed in Notes 7 and 8 to the financial statements respectively.

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

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	38,539	42,608
Attributable to:		
Owners of the parent	38,542	42,608
Non-controlling interests	(3)	-
	<u>38,539</u>	<u>42,608</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the notes to the financial statements.

## DIVIDENDS

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

The directors do not recommend the payment of any dividend in respect of the current financial year.

## DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas  
 Dato' Mustapha bin Buang  
 Dato' Mohamed Salleh bin Bajuri  
 Tan Siew Poh  
 Yu Tat Loong



## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under Asian Pac Holdings Berhad's Employee Share Option Scheme as disclosed in Note 14 to the financial statements.

Since the end of the previous financial year, no director 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 or the fixed salary of full-time employees of the Company and related corporations as shown in Notes 21 and 22 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company during the financial year are as follows:

	<--- Number of ordinary shares of RM0.20 each --->			
	1 April 2013	Acquired	Sold	31 March 2014
<b>Direct interest:</b>				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas	1,857,000	-	-	1,857,000
Dato' Mustapha bin Buang	32,850,985	-	-	32,850,985
Tan Siew Poh	850,436	-	-	850,436
<b>Indirect interest:</b>				
Dato' Mustapha bin Buang	800,000	-	-	800,000

None of the other directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

## EMPLOYEE SHARE OPTION SCHEME

At an Extraordinary General Meeting held on 31 October 2005, shareholders approved the Employee Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible employees.

The committee administering the ESOS includes 1 director, Dato' Mustapha bin Buang.

The salient features and other terms of the ESOS are disclosed in Note 14 to the financial statements.

The tenure of the ESOS had expired on 30 May 2011 and was extended for another 5 years to mature on 12 April 2016.

On 19 March 2014, the Company granted 53,740,000 ESOS to eligible employees of the Group to subscribe for new ordinary shares of RM0.20 each in the Company. At the closing date of 19 April 2014, 52,075,000 ESOS granted were accepted by employees of the Group.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position, statements of profit or loss and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) 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; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) 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 or of the Company for the financial year in which this report is made.

## SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 30 to the financial statements.



## **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 July 2014.

Tan Sri Dato' Seri Hj. Megat Najmuddin  
bin Datuk Seri Dr Hj. Megat Khas

Dato' Mustapha bin Buang



## STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas and Dato' Mustapha bin Buang, being two of the directors of Asian Pac Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 45 to 124 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 to the financial statements on page 125 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 July 2014.

Tan Sri Dato' Seri Hj. Megat Najmuddin  
bin Datuk Seri Dr Hj. Megat Khas

Dato' Mustapha bin Buang



## STATUTORY DECLARATION

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

I, Wong Yee Kean, being the officer primarily responsible for the financial management of Asian Pac Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 125 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Wong Yee Kean at Kuala  
Lumpur in the Federal Territory on  
24 July 2014

Wong Yee Kean

Before me,

No.: W538  
Woon Mee Chin  
Commissioner for Oaths

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Asian Pac Holdings Berhad, which comprise the statements of financial position as at 31 March 2014 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 45 to 124.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal 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 entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the 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 March 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



# INDEPENDENT AUDITORS' REPORT

to the members of Asian Pac Holdings Berhad (cont'd)  
(Incorporated in Malaysia)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 7 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## OTHER MATTERS

The supplementary information set out in Note 36 to the financial statements on page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young  
AF: 0039  
Chartered Accountants

Abraham Verghese A/L T.V. Abraham  
No. 1664/10/14(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
24 July 2014

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	32,545	33,665	31	48
Land held for property development	4(a)	54,068	71,998	-	-
Investment properties	5	375,764	352,448	-	-
Intangible asset	6	17,275	21,453	-	-
Investment in subsidiaries	7	-	-	373,220	382,317
Investment in an associate	8	-	-	-	-
Available-for-sale investments	9	4,389	7,148	1,330	1,450
Deferred tax assets	10	2,136	3	9	2
		486,177	486,715	374,590	383,817
<b>Current assets</b>					
Property development costs	4(b)	214,338	195,912	-	-
Available-for-sale investments	9	-	212	-	-
Inventories of completed properties	11	6,690	6,722	-	-
Trade and other receivables	12	60,556	17,186	52,959	26,059
Accrued billings in respect of property development costs		42,383	38,295	-	-
Accrued income		29	29	-	-
Prepayment		1,359	2,181	55	36
Tax recoverable		1,375	5,494	788	5,158
Cash and cash equivalents	13	89,878	76,095	2,463	1,050
		416,608	342,126	56,265	32,303
<b>Total assets</b>		<b>902,785</b>	<b>828,841</b>	<b>430,855</b>	<b>416,120</b>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	14	195,063	195,063	195,063	195,063
Share premium		2,206	2,206	2,206	2,206
Other reserves	15	201	1,108	78,008	78,008
Retained earnings		181,895	143,353	62,256	19,648
		379,365	341,730	337,533	294,925
<b>Non-controlling interests</b>		268	271	-	-
<b>Total equity</b>		<b>379,633</b>	<b>342,001</b>	<b>337,533</b>	<b>294,925</b>



# STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 31 March 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	51,712	66,274	7	-
Long term payables	17	11,976	10,277	-	-
Loans and borrowings	16	172,358	237,703	-	-
		236,046	314,254	7	-
<b>Current liabilities</b>					
Loans and borrowings	16	114,906	69,888	-	-
Trade and other payables	17	120,010	92,238	93,315	121,195
Prepayment from tenants		655	655	-	-
Progress billings in respect of property development costs		37,207	7,446	-	-
Tax payable		14,328	2,359	-	-
		287,106	172,586	93,315	121,195
<b>Total liabilities</b>		523,152	486,840	93,322	121,195
<b>Total equity and liabilities</b>		902,785	828,841	430,855	416,120

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF PROFIT OR LOSS

For the year ended 31 March 2014



	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	18	284,191	103,238	55,647	15,940
Cost of sales	19	(213,098)	(77,667)	-	-
Gross profit		71,093	25,571	55,647	15,940
Other income	20	4,039	6,212	28,291	21,194
Employee benefits expense	21	(10,187)	(7,591)	(2,183)	(1,980)
Depreciation		(1,857)	(2,214)	(23)	(136)
Other expenses		(19,343)	(13,322)	(38,714)	(11,225)
Operating profit		43,745	8,656	43,018	23,793
Finance costs	23	(2,726)	(2,365)	(410)	-
Profit before tax	24	41,019	6,291	42,608	23,793
Income tax (expense)/benefit	25	(2,480)	11,269	-	(3,400)
Profit for the year		38,539	17,560	42,608	20,393
<b>Profit attributable to:</b>					
Owners of the parent		38,542	17,628	42,608	20,393
Non-controlling interests		(3)	(68)	-	-
		38,539	17,560	42,608	20,393
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	26	4.0	1.8		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the year	38,539	17,560	42,608	20,393
Other comprehensive income/(expense):				
Fair value (loss)/gain on available-for-sale investments	(907)	303	-	6
Foreign currency translation	-	48	-	-
Total comprehensive income for the year	37,632	17,911	42,608	20,399
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	37,635	17,979	42,608	20,399
Non-controlling interests	(3)	(68)	-	-
	37,632	17,911	42,608	20,399

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

## Group

	Attributable to owners of the parent ----->					Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000 (Note 14)	Share premium RM'000	Other reserves RM'000 (Note 15)	Distributable retained earnings RM'000	Total RM'000		
<b>At 31 March 2014</b>							
At 1 April 2013	195,063	2,206	1,108	143,353	341,730	271	342,001
Total comprehensive income/(expense)	-	-	(907)	38,542	37,635	(3)	37,632
At 31 March 2014	195,063	2,206	201	181,895	379,365	268	379,633
<b>At 31 March 2013</b>							
At 1 April 2012	195,063	2,206	757	125,725	323,751	(51)	323,700
Total comprehensive income/(expense)	-	-	351	17,628	17,979	(68)	17,911
Acquisition of a subsidiary	-	-	-	-	-	390	390
At 31 March 2013	195,063	2,206	1,108	143,353	341,730	271	342,001

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

## Company

	<----- Non-distributable ----->			Retained	Total
	Share capital RM'000 (Note 14)	Share premium RM'000	Other reserves RM'000 (Note 15)	earnings/ (accumulated losses) RM'000	
<b>At 31 March 2014</b>					
At 1 April 2013	195,063	2,206	78,008	19,648	294,925
Total comprehensive income	-	-	-	42,608	42,608
At 31 March 2014	195,063	2,206	78,008	62,256	337,533
<b>At 31 March 2013</b>					
At 1 April 2012 (Restated)	195,063	2,206	78,002	(745)	274,526
Total comprehensive income	-	-	6	20,393	20,399
At 31 March 2013	195,063	2,206	78,008	19,648	294,925

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

For the year ended 31 March 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		41,019	6,291	42,608	23,793
Adjustments for:					
Bad debts recovered	12(b)	(59)	(58)	-	-
Depreciation					
- property, plant and equipment	3	1,368	1,726	23	136
- investment properties	5	489	488	-	-
Property, plant and equipment written off	24	1	2	-	1
Impairment on:					
- quoted investments	24	364	628	120	199
- investment in subsidiaries	24	-	-	37,388	10,132
- investment in an associate	24	-	125	-	125
- intangible asset	6	4,178	1,721	-	-
- other receivables	12(b)	579	486	548	220
- property development cost	4(b)	-	266	-	-
Gain on changes in fair value of quoted investments	20	(1,576)	-	-	-
Gain on disposal of quoted investments	20	(146)	(917)	-	-
Reversal of impairment loss on:					
- other receivables	12(b)	-	(22)	-	-
- investment property	5	-	(939)	-	-
- investment in subsidiaries	20	-	-	(28,291)	(21,194)
Unwinding of discount	20	(95)	(565)	-	-
Interest expense	23	2,726	2,365	410	-
Interest income	18,20	(1,596)	(3,375)	(324)	(97)
Dividend income	18	(66)	(224)	(54,000)	(14,520)
Operating profit/(loss) before working capital changes		47,186	7,998	(1,518)	(1,205)
Changes in working capital:					
Increase in property development costs		(496)	(13,065)	-	-
(Increase)/decrease in trade and other receivables		(46,340)	(23,089)	(568)	16,446
Decrease in inventories		32	2,146	-	-
Increase in trade and other payables		59,331	47,223	36,721	23
Changes in subsidiaries balances		-	-	(91,500)	(23,233)
Cash generated from/(used in) operations		59,713	21,213	(56,865)	(7,969)
Interest received		324	97	324	97
Dividend received		-	-	54,000	14,520
Taxes (paid)/refund		(3,087)	(6,394)	4,370	(3,630)
Net cash generated from operating activities		56,950	14,916	1,829	3,018



# STATEMENTS OF CASH FLOWS (cont'd)

For the year ended 31 March 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from investing activities</b>					
Interest received		1,272	3,372	-	-
Dividend received		66	224	-	-
Acquisition of subsidiary company		-	(3,539)	-	(4,500)
Proceeds from disposal of property, plant and equipment		5	-	-	-
Proceeds from disposal of quoted investments		3,422	2,552	-	-
Purchase of property, plant and equipment		(255)	(941)	(6)	(6)
Purchase of investment properties		(23,805)	(153,975)	-	-
Net cash used in investing activities		(19,295)	(152,307)	(6)	(4,506)
<b>Cash flows from financing activities</b>					
Repayment of hire purchase payables		(257)	(258)	-	(41)
Drawdown of loans		42,639	44,146	-	-
Repayment of term loans		(63,528)	(4,908)	-	-
Interest paid		(2,726)	(2,364)	(410)	-
Net cash (used in)/generated from financing activities		(23,872)	36,616	(410)	(41)
<b>Net increase/(decrease) in cash and cash equivalents</b>		13,783	(100,775)	1,413	(1,529)
<b>Cash and cash equivalents at beginning of year</b>		76,095	176,870	1,050	2,579
<b>Cash and cash equivalents at end of year</b>	13	89,878	76,095	2,463	1,050

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## 1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 12th Floor, Menara SMI, No.6, Lorong P. Ramlee, 50250 Kuala Lumpur and the principal place of business of the Company is located at 106, Block G, Pusat Dagangan Phileo Damansara 1, No.9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally involved in the holding of securities for investment purposes, provision of management services and trading of building materials. The principal activities of the subsidiaries are disclosed in Note 7.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 July 2014.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 April 2013 as described fully in Note 2.2.

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies in Note 2.4.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2013, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2012 and 1 January 2013.

Description	Effective for annual periods beginning on or after
Amendments to FRS 101 : <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 10 : <i>Consolidated Financial Statements</i>	1 January 2013
FRS 11 : <i>Joint Arrangements</i>	1 January 2013
FRS 12 : <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 13 : <i>Fair Value Measurement</i>	1 January 2013
FRS 119 : <i>Employee Benefits</i>	1 January 2013
FRS 127 : <i>Separate Financial Statements</i>	1 January 2013
FRS 128 : <i>Investment in Associates and Joint Ventures</i>	1 January 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Changes in accounting policies (cont'd)

Description	Effective for annual periods beginning on or after
IC Interpretation 20 : <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to FRS 7 : <i>Disclosure - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRS 1 : <i>Government loans</i>	1 January 2013
Amendments to FRS 1 : <i>First time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))</i>	1 January 2013
Consolidated Financial Statement (Amendments to FRS 10)	1 January 2013
Joint Arrangements (Amendments to FRS 11)	1 January 2013
Disclosure of Interests in Other Entities : <i>Transition Guidance (Amendments to FRS 12)</i>	1 January 2013
Amendments to FRS 101, 116, 132 and 134 : <i>Presentation of Financial Statements (Improvements to FRSs (2012))</i>	1 January 2013

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company except for those discussed below:

#### (a) FRS 10 : *Consolidated Financial Statements*

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

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127: *Consolidated and Separate Financial Statements*, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The above change in accounting policy has no significant impact to the financial statements of the Group and of the Company.

#### (b) FRS 12 : *Disclosures of Interests in Other Entities*

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Changes in accounting policies (cont'd)

#### (c) FRS 13 : *Fair Value Measurement*

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group and the Company have re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 had no material impact on the fair value measurement of the Group and of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

#### (d) Amendments to FRS 101 : *Presentation of Items of Other Comprehensive Income*

The amendments to FRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified (“recycled”) to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings).

The amendments affect presentation only and have no impact on the Group’s and the Company’s financial position or performance.

#### (e) FRS 127 : *Separate Financial Statements*

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

#### (f) FRS 128 : *Investments in Associates and Joint Ventures*

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128: *Investments in Associates and Joint Ventures*. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

### 2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 10, FRS 12 and FRS 127 : <i>Investment Entities</i>	1 January 2014
Amendments to FRS 132 : <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136 : <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 119 : <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to FRS contained in the document entitled “ <i>Annual Improvements to FRSs 2010 - 2012 Cycle</i> ”	1 July 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards and interpretations issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to FRS contained in the document entitled " <i>Annual Improvements to FRSs 2011 - 2013 Cycle</i> "	1 July 2014
Malaysian Financial Reporting Standards (MFRS)	1 January 2015
FRS 9 : <i>Financial Instruments (2009)</i>	To be announced
FRS 9 : <i>Financial Instruments (2010)</i>	To be announced
FRS 9 : <i>Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)</i>	To be announced
Amendments to FRS 7 : <i>Financial Instruments - Disclosure (Mandatory Effective Date of FRS 9 and Transition Disclosures)</i>	To be announced
Amendments to FRS 9 : <i>Financial Instruments (Mandatory Effective Date of FRS 9 and Transition Disclosures)</i>	To be announced

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

#### **FRS 9 : *Financial Instruments : Classification and Measurement***

FRS 9 reflects the first phase of the work on the replacement of FRS 139: *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139: *Financial Instruments: Recognition and Measurement*.

The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: *Mandatory Effective Date to FRS 9 and Transition Disclosures*, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's and of the Company's financial assets. The Group and the Company are in the process of making an assessment of the impact of adoption of FRS 9.

#### **Malaysian Financial Reporting Standards (MFRS Framework)**

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 venturer (herein called 'Transitioning Entities').

The Company falls within the definition of Transitioning Entities and is currently exempted from adopting the MFRS. Accordingly, the Company will adopt the MFRS and present its first MFRS financial statements when adoption of the MFRS is mandated by the MASB. In presenting its first MFRS financial statements, the Company 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 profits.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards and interpretations issued but not yet effective (cont'd)

#### Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

The Company is in the process of assessing the financial effects of the differences between the accounting standards under FRS and under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2014 and 31 March 2013 could be different if prepared under the MFRS Framework.

### 2.4 Summary of significant accounting policies

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

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

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (a) Basis of consolidation (cont'd)

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

#### Business combinations

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income.

If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.4(d).

#### (b) Subsidiaries

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (b) Subsidiaries (cont'd)

- (iii) the ability to use its power over the investee to affect its returns.

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

#### (c) Transactions with non-controlling interests

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

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

#### (d) Intangible asset

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is not amortised but instead, is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (e) Investment in an associate

An associate is an entity, not being a subsidiary nor a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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 for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investment in an associate is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (f) Property, plant and equipment, and depreciation

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain long term leasehold land and building have not been revalued since they were first revalued in 1992. The directors have not adopted a policy of regular valuations of such assets. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised): *Property, Plant and Equipment* adopted by the Malaysian Accounting Standards Board ("MASB"), the long term leasehold land and building is stated at their 1992 valuation less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold land	1% - 1.3%
Long term leasehold land and building	2%
Long term leasehold buildings	2%
Motor vehicles	20%
Office furniture and equipment	20%
Plant and machinery	20%
Renovation	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

#### (g) Investment properties

Investment properties comprise properties and properties under construction which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost (including transaction costs but excluding the costs of day-to-day servicing). Subsequent to initial recognition, completed investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses while investment properties under construction are stated at cost less any accumulated impairment losses.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (g) Investment properties (cont'd)

Leasehold properties are depreciated over its lease period on a straight line basis. Depreciation is not provided on investment properties under construction. Investment properties under construction have not been revalued since they were first revalued in 1996. The directors have not adopted a policy of regular revaluations of such properties. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised): *Property, Plant and Equipment* adopted by the Malaysian Accounting Standards Board ("MASB"), investment properties under construction continue to be stated at their 1996 valuation less accumulated impairment losses.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in the profit or loss in the year in which they arise.

Depreciation of investment property is provided for on a straight-line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold land	1% - 1.3%
Long term leasehold land and building	2%

#### (h) Land held for property development and property development costs

##### (i) Land held for property development

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

Land held for property development is reclassified to property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Land held for property development comprises costs associated with the acquisition of land and all costs incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201.

##### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land and development expenditure. Development expenditures include borrowing costs relating to the financing of the land and development.





## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (h) Land held for property development and property development costs (cont'd)

##### (ii) Property development costs (cont'd)

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the 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 it 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 expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within current liabilities.

##### (i) Impairment of non-financial assets

The Group and the Company assess 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 and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (i) Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### (j) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

##### (i) 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.

Loans 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.

##### (ii) Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are financial assets that are designated as available for sale or are not classified in any of the other categories.

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (j) Financial assets (cont'd)

##### (ii) Available-for-sale financial assets (cont'd)

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

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

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, 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.

#### (k) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (i) Trade and other receivables and other financial assets carried at amortised costs

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (k) Impairment of financial assets (cont'd)

##### (ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency of significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss 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. Such impairment losses are not reversed in subsequent periods.

##### (iii) Assets classified as AFS

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

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on AFS equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

#### (l) Inventories of completed properties

Inventories of completed properties are stated at lower of cost (determined on the specific identification basis) and net realisable value ("NRV"). Cost includes costs associated with the acquisition of land, direct costs and appropriate proportions of common costs.

NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

#### (m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, demand deposits and 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.

#### (n) 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 statements 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (n) Financial liabilities (cont'd)

##### (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 does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant 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 at fair value through profit or loss.

##### (ii) Other financial liabilities

The Group and the Company classify their financial liabilities as other financial liabilities which 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 and the Company have an unconditional right to defer 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 under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (o) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably measured.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (p) Leases

##### (i) As a lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Total operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

##### (ii) As a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.4(w)(v).

#### (q) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. Capitalisation of borrowing costs shall cease when substantially all the activities to prepare the asset for its intended use or sale are completed.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### (r) Income taxes

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (r) Income taxes (cont'd)

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.4(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets 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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (r) Income taxes (cont'd)

##### (ii) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (s) Employee benefits

##### (i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to the defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

##### (ii) Share-based compensation

The Asian Pac Holdings Berhad's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision in original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the options expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

#### (t) 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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.





## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(t) Foreign currencies (cont'd)**

##### **(ii) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on the translation of monetary items, are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of foreign operation.

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

##### **(iii) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income are accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

#### **(u) Current versus non-current classification**

The Group and the Company present their assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (u) Current versus non-current classification (cont'd)

All other assets are classified as non-current. A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

#### (v) Fair value measurement

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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the assets and liability and the level of the fair value hierarchy as explained above.

#### (w) Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and they can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

##### (i) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.4(h)(ii).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (w) Revenue and other income (cont'd)

##### (ii) Sale of building materials

Revenue from the sale of building materials is recognised net of discounts upon the transfer of significant risks and rewards to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

##### (iii) Car park operations

Revenue from car park operations is recognised as and when the services are rendered.

##### (iv) Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR).

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in revenue and other income in the statement of profit or loss.

##### (v) Rental income

Rental income is recognised on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (vii) Management fees

Management fees are recognised when these services are rendered.

#### (x) Segment reporting

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd)

#### (y) Share capital and share issuance expenses

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

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

#### (z) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

### 2.5 Significant accounting judgements and estimates

#### (a) Judgements made in applying accounting policies

The preparation of the Group's financial statements requires the management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material judgement to the carrying amount of the asset or liability affected in the future.

#### (i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Investment properties principally comprise freehold and leasehold properties and properties under construction held by the Group for their investment potential and are not occupied by the Group.

#### (ii) Operating lease commitments - Group as lessor

The Group has entered into a commercial property lease on one long term leasehold land, as further disclosed in Note 27. The Group has determined that it retains all the significant risks and rewards of ownership of this property which is deemed to be leased out as an operating lease.

#### (iii) Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on management's judgement and the evaluation of collectability and ageing analysis of the receivables inclusive of retention sum and advances to sub-contractors. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, additional allowance may be required.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant accounting judgements and estimates (cont'd)

#### (b) Key sources of estimation uncertainty

The key assumptions 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:

##### (i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires the fair value less costs to sell of a piece of long term leasehold land to which the goodwill is allocated. The fair value has been determined by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the category of the leasehold land being valued. The carrying amount of goodwill as at 31 March 2014 was RM17,275,000 (2013: RM21,453,000). Further details are disclosed in Note 6 to the financial statements.

##### (ii) Property development

The Group recognises property development revenue and expenses 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 to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. Details of property development costs are disclosed in Note 4(b) to the financial statements.

##### (iii) Deferred tax

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profits will be available against which the tax losses and capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of unrecognised tax losses and capital allowances of the Group and of the Company are RM6,273,000 (2013: RM4,125,000) and RM3,958,000 (2013: RM2,748,000) respectively.

##### (iv) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of the income tax expense are disclosed in Note 25 to the financial statements.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.5 Significant accounting judgements and estimates (cont'd)**

#### **(b) Key sources of estimation uncertainty (cont'd)**

##### **(v) Valuation of investment properties**

The Group carries its investment properties at cost. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2014 on certain investment properties. Investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. For other investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there were a lack of comparable market data because of the nature of the properties.

##### **(vi) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 3. PROPERTY, PLANT AND EQUIPMENT

	At valuation <-----		At cost ----->		Total RM'000
	Long term leasehold land and building RM'000	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Motor vehicles, office furniture, equipment, plant, machinery and renovation RM'000	
<b>Group</b>					
<b>At 31 March 2014</b>					
<b>At valuation/cost</b>					
At 1 April 2013	370	26,345	7,868	10,475	45,058
Additions	-	-	-	255	255
Disposal	-	-	-	(995)	(995)
Write off	-	-	-	(42)	(42)
At 31 March 2014	370	26,345	7,868	9,693	44,276
<b>Accumulated depreciation</b>					
At 1 April 2013	163	2,425	462	8,343	11,393
Depreciation charge for the year (Note 24)	7	491	100	770	1,368
Disposal	-	-	-	(989)	(989)
Write off	-	-	-	(41)	(41)
At 31 March 2014	170	2,916	562	8,083	11,731
<b>Net carrying amount</b>					
At 31 March 2014	200	23,429	7,306	1,610	32,545

**3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At valuation <-----		At cost ----->		
	Long term leasehold land and building RM'000	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Motor vehicles, office furniture, equipment, plant, machinery and renovation RM'000	Total RM'000
<b>Group</b>					
<b>At 31 March 2013</b>					
<b>At valuation/cost</b>					
At 1 April 2012	370	26,345	7,868	9,498	44,081
Additions	-	-	-	1,164	1,164
Write off	-	-	-	(187)	(187)
At 31 March 2013	370	26,345	7,868	10,475	45,058
<b>Accumulated depreciation</b>					
At 1 April 2012	155	1,935	362	7,400	9,852
Depreciation charge for the year (Note 24)	8	490	100	1,128	1,726
Write off	-	-	-	(185)	(185)
At 31 March 2013	163	2,425	462	8,343	11,393
<b>Net carrying amount</b>					
At 31 March 2013	207	23,920	7,406	2,132	33,665



### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Motor vehicles RM'000	Office furniture and equipment RM'000	Total RM'000
<b>At 31 March 2014</b>			
<b>Cost</b>			
At 1 April 2013	1,081	231	1,312
Addition	-	6	6
Write off	-	(15)	(15)
At 31 March 2014	1,081	222	1,303
<b>Accumulated depreciation</b>			
At 1 April 2013	1,081	183	1,264
Depreciation charge for the year (Note 24)	-	23	23
Write off	-	(15)	(15)
At 31 March 2014	1,081	191	1,272
<b>Net carrying amount</b>			
31 March 2014	-	31	31
<b>At 31 March 2013</b>			
<b>Cost</b>			
At 1 April 2012	1,081	262	1,343
Addition	-	6	6
Write off	-	(37)	(37)
At 31 March 2013	1,081	231	1,312
<b>Accumulated depreciation</b>			
At 1 April 2012	967	197	1,164
Depreciation charge for the year (Note 24)	114	22	136
Write off	-	(36)	(36)
At 31 March 2013	1,081	183	1,264
<b>Net carrying amount</b>			
31 March 2013	-	48	48

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**(a) Long term leasehold building of the Group, stated at valuation**

The long term leasehold building of the Group was revalued in 1992 based on professional valuations conducted on the basis of open market value.

The property has not been revalued since it was first revalued in 1992. The directors have not adopted a policy of regular valuations of such assets. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised): *Property, Plant and Equipment* adopted by the Malaysian Accounting Standards Board, the property is stated at its 1992 valuation as its surrogate cost less accumulated depreciation and impairment losses.

Had the revalued long term leasehold building been carried at historical cost less accumulated depreciation, the net carrying amount as at 31 March 2014 would have been RM231,000 (2013: RM244,000).

**(b) Long term leasehold building of the Group, stated at cost**

Certain long term leasehold land and building of the Group with a carrying value of RM3,964,000 (2013: RM4,009,000) has been charged to financial institution as securities for the revolving credit facilities granted to the Group as disclosed in Note 16(c).

**(c) Fully depreciated assets**

Included in property, plant and equipment of the Group and of the Company are the costs of fully depreciated assets which are still in use are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Motor vehicles	2,961	3,452	1,081	1,081
Office furniture and equipment	1,962	1,970	112	120
Renovation	1,085	1,112	-	-
	6,008	6,534	1,193	1,201

**(d) Assets held under hire purchase arrangements**

During the current financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM255,000 (2013: RM1,164,000) and RM6,000 (2013: RM6,000), respectively, of which assets costing RM Nil (2013: RM223,000) of the Group were acquired by means of hire purchase arrangements.

Leased assets are pledged as security for the related lease liabilities (Note 16(d)). Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2014 RM'000	2013 RM'000
Motor vehicles	589	922

#### 4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group	
	2014 RM'000	2013 RM'000
<b>Long term leasehold land</b>		
<b>Cost and carrying amount</b>		
At the beginning	71,998	54,000
Incidental cost to the land	68	-
Transfer to property development cost (Note 4(b))	(17,998)	-
Acquisition of a subsidiary	-	17,998
At end of the year	54,068	71,998

Certain long term leasehold land of the Group with a carrying value of RM55,000,000 (2013: RM54,000,000) has been charged to financial institution as securities for revolving credit guaranteed to the Group as disclosed in Note 16(c).

(b) Property development costs

	Group	
	2014 RM'000	2013 RM'000
<b>Cumulative property development costs</b>		
At 1 April 2013/2012:		
Freehold land	72,416	71,634
Long term leasehold land	65,142	56,881
Development costs	157,150	58,949
	294,708	187,464
Costs incurred during the year:		
Freehold land	186	782
Long term leasehold land	2,510	498
Development costs	209,671	86,303
Impairment loss recognised in profit or loss (Note 24)	-	(266)
	212,367	87,317
Transfers:		
From land held for property development (Note 4(a))	17,998	-
From investment properties (Note 5)	-	19,927
	17,998	19,927
At 31 March 2014/2013	525,073	294,708

#### 4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

##### (b) Property development costs (cont'd)

	Group	
	2014 RM'000	2013 RM'000
<b>Cumulative costs recognised in profit or loss</b>		
At 1 April 2013/2012	(98,796)	(24,277)
Recognised during the year (Note 19)	(211,939)	(74,519)
At 31 March 2014/2013	(310,735)	(98,796)
<b>Property development costs at 31 March 2014/2013</b>	<b>214,338</b>	<b>195,912</b>

Certain long term leasehold land were revalued in 1996 based on professional valuations conducted on the basis of open market value.

These properties have not been revalued since they were first revalued in 1996. The directors have not adopted a policy of regular valuations of such assets. As permitted under the transitional provisions of Financial Reporting Standard 201: *Property Development Activities* adopted by the Malaysian Accounting Standards Board, where an entity has carried its land held for property development at revalued amount as allowed under MASB Approved Accounting Standard MAS 7: *Accounting for Property Development* prior to 1 January 2004, the entity shall continue to retain the revalued amount of the land as its surrogate cost.

Included in property development costs incurred during the financial year are interest expense capitalised of RM3,695,000 (2013: RM2,380,000).

Included in property development costs of the Group are freehold and leasehold land and development costs amounting to RM214,338,000 (2013: RM179,197,000) which have been charged to financial institutions as securities for the term loans, Islamic loan and medium term loans granted to the Group, as disclosed in Note 16(a), (b) and (e).

## 5. INVESTMENT PROPERTIES

	Leasehold land RM'000	Leasehold building RM'000	Investment properties under construction RM'000	Total RM'000
<b>Group</b>				
<b>At 31 March 2014</b>				
<b>Cost</b>				
At 1 April 2013	44,318	375	317,105	361,798
Additions	-	-	23,805	23,805
At 31 March 2014	44,318	375	340,910	385,603
<b>Accumulated depreciation and impairment losses</b>				
At 1 April 2013				
Accumulated depreciation	4,921	15	-	4,936
Accumulated impairment losses	-	-	4,414	4,414
Depreciation charge for the year (Note 24)	481	8	-	489
At 31 March 2014				
Analysed as:				
Accumulated depreciation	5,402	23	-	5,425
Accumulated impairment losses	-	-	4,414	4,414
	5,402	23	4,414	9,839
<b>Net carrying amount</b>				
At 31 March 2014	38,916	352	336,496	375,764

**5. INVESTMENT PROPERTIES (CONT'D)**

	Leasehold land RM'000	Leasehold building RM'000	Investment properties under construction RM'000	Total RM'000
<b>Group</b>				
<b>At 31 March 2013</b>				
<b>Cost</b>				
At 1 April 2012	44,318	375	186,276	230,969
Additions	-	-	153,975	153,975
Transfer to property development cost (Note 4(b))	-	-	(23,146)	(23,146)
At 31 March 2013	44,318	375	317,105	361,798
<b>Accumulated depreciation and impairment losses</b>				
At 1 April 2012				
Accumulated depreciation	4,441	7	-	4,448
Accumulated impairment losses	939	-	7,633	8,572
Depreciation charge for the year (Note 24)	480	8	-	488
Transfer impairment loss to property development cost (Note 4 (b))	-	-	(3,219)	(3,219)
Reversal of impairment loss (Note 20)	(939)	-	-	(939)
At 31 March 2013				
Analysed as:				
Accumulated depreciation	4,921	15	-	4,936
Accumulated impairment losses	-	-	4,414	4,414
	4,921	15	4,414	9,350
<b>Net carrying amount</b>				
At 31 March 2013	39,397	360	312,691	352,448

Included in investment properties is certain long term leasehold land of the Group amounting to approximately RM12,392,000 (2013: RM12,564,000) which has been leased to a third party under an operating lease agreement, as disclosed in Note 27 to the financial statements. The fair value of this long term leasehold land has been determined by using cash flow projections. Cash flow projections is for operating lease period of twenty-one (21) years and the pre-tax discount rate applied to the expected cash flows to be generated to the present value is 6.6%.

The calculations of value in use for the leasehold land is most sensitive to the following assumption:

Pre-tax discount rate – Discount rate reflects the current market assessment of the risks specific to each cash-generated units (“CGU”). This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rate, regard has been given to the base lending rate set by the banks.

## 5. INVESTMENT PROPERTIES (CONT'D)

At the reporting date, if the discount rate had been 10 basis points lower/higher, with all other variables held constant, the Group's net present value ("NPV") of the discounted cash flow will be RM141,000 lower and RM139,000 higher respectively.

Certain leasehold land and building of the Group with the carrying value of RM550,000 (2013: RM560,000) are fair valued at RM1,545,000 (2013: RM1,078,000) based on market value of similar properties at the same location.

The remaining investment properties excluding investment properties under construction are fair valued at RM28,000,000 (2013: RM27,300,000) as determined by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the category of the properties being valued. Fair values were determined considering recent market transactions for similar properties in the same location as the Group's investment properties.

These fair values were based on level 2 of the fair value hierarchy: other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly.

The fair value of investment properties under construction could not be determined as the fair value could not be reliably obtained. The interest expense capitalised in investment properties under construction during the financial year is RM9,329,000 (2013: RM8,957,000).

Certain long term leasehold land and investment properties under construction of the Group with carrying value of RM375,214,000 (2013: RM351,363,000) have been charged to financial institutions as securities for credit facilities granted to the Group, as disclosed in Note 16(a), (b) and (e) (2013: Note 16(a), (b) and (e)).

## 6. INTANGIBLE ASSET

	Group	
	2014 RM'000	2013 RM'000
<b>Cost:</b>		
At 1 April/31 March 2013/2012	23,942	23,942
<b>Accumulated impairment:</b>		
At 1 April 2013/2012	(2,489)	(768)
Impairment loss recognised in profit or loss (Note 24)	(4,178)	(1,721)
At 31 March 2014/2013	(6,667)	(2,489)
<b>Net carrying amount</b>		
At 31 March 2014/2013	17,275	21,453

### (i) Allocation of goodwill

Goodwill arising from business combinations has been allocated to two cash-generating units ("CGUs") for impairment testing, namely property development and property investment.

## 6. INTANGIBLE ASSET (CONT'D)

### (i) Allocation of goodwill (cont'd)

The carrying amounts of goodwill allocated to each CGU are as follows:

	Group	
	2014 RM'000	2013 RM'000
<b>Property development</b>		
At 1 April 2013/2012	8,177	9,898
Impairment loss recognised in profit or loss (Note 24)	(4,178)	(1,721)
At 31 March 2014/2013	3,999	8,177
<b>Property investment</b>		
At 1 April/ 31 March 2014/2013	13,276	13,276
Total goodwill	17,275	21,453

### (ii) Impairment testing of goodwill

The recoverable amount of the property development CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering five-year periods. The property development's CGU used in the five-year cash flow projections is based on the expected sales and contracted costs throughout the duration of development project and using the stage of completion method as described in the property development cost Note 2.4(h)(ii).

The recoverable amount of the property investment CGU has been determined by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the category of the properties being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

Impairment of goodwill during the year was recognised based on percentage-of-completion.

## 7. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	575,200	575,200
Accumulated impairment losses	(201,980)	(192,883)
	373,220	382,317



## 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia are as follows:

Name of subsidiaries	Paid-up share capital RM'000	Proportion of ownership interest		Principal activities
		2014 %	2013 %	
<b>Held by the Company:</b>				
Climate Engineering (Malaya) Sdn. Bhd.	50,000	100.00	100.00	Investment holding
AGB Properties Sdn. Bhd.	1,000	100.00	100.00	Investment holding and renting out of offices
Pinus Park Sdn. Bhd.	680	100.00	100.00	Renting out of bungalow
BH Builders Sdn. Bhd.	110,000	100.00	100.00	Investment holding, property investment and development
Primadana Utama Sdn. Bhd.	2,500	100.00	100.00	Investment holding, property investment and development
Prousa (M) Sdn. Bhd.	5,000	90.00	90.00	Property investment and development
Syarikat Kapasi Sdn. Bhd.	178,000	100.00	100.00	Property investment and development and carpark operation
Changkat Fajar Sdn. Bhd.	1,000	100.00	100.00	Property investment and development
Quality Trend Sdn. Bhd.	244	100.00	100.00	Property investment and development
Asian Pac Property Management Sdn. Bhd. *	500	100.00	100.00	Property investment and development
<b>Held through subsidiaries:</b>				
BH Realty Sdn. Bhd.	3,100	100.00	100.00	Property investment and development and car park operation
Wangsa Masyhur Sdn. Bhd.	30,000	100.00	100.00	Property investment and development
Tekad Intisari Sdn. Bhd.	**	75.00	75.00	Property development
Taman Bestari Sdn. Bhd.	750	100.00	100.00	Property development

\* Audited by a firm other than Ernst & Young

\*\* Represents paid-up share capital of RM100

## 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

On 21 February 2013, the Group acquired 500,000 ordinary shares of RM1.00 each in Prousaha (M) Sdn Bhd ("PMSB") for a total consideration of RM500,000 and further subscribed on 26 March 2013, 4,000,000 ordinary shares of RM1.00 each of PMSB making it a 90% owned subsidiary.

During the financial year, the Company recognised a reversal of impairment losses of RM28,291,000 (2013: RM21,194,000) and additional impairment losses of RM37,388,000 (2013: RM10,132,000) on its investment in certain subsidiaries.

Management determined the recoverable amount of these investments based on the individual asset's value in use. The net present value of the future cash flows to be generated from these assets is the asset's value in use and it is assumed to be the same as net worth of the assets as at the reporting date. An impairment loss is recognised immediately in profit or loss if the recoverable amount is less than the carrying amount.

### (a) Summarised financial information on subsidiaries with non-controlling interests

Summarised financial information of Prousaha (M) Sdn Bhd and Tekad Intisari Sdn Bhd which have non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination.

	<b>Prousaha (M) Sdn Bhd RM'000</b>	<b>Tekad Intisari Sdn Bhd RM'000</b>	<b>Total RM'000</b>
<b>At 31 March 2014</b>			
NCI percentage of ownership interest and voting interest	10.00%	25.00%	
Carrying amount of NCI	387	(119)	268
Loss attributable to NCI	(2)	(1)	(3)
<b>At 31 March 2013</b>			
NCI percentage of ownership interest and voting interest	10.00%	25.00%	
Carrying amount of NCI	389	(118)	271
Loss attributable to NCI	-	(68)	(68)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 March 2014

### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Summarised statement of financial position

	Prousaha (M) Sdn Bhd		Tekad Intisari Sdn Bhd		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets	-	17,002	-	-	-	17,002
Current assets	21,003	1,358	47	48	21,050	1,406
Total assets	21,003	18,360	47	48	21,050	18,408
Non-current liabilities	10,770	-	-	-	10,770	-
Current liabilities	6,358	14,468	613	610	6,971	15,078
Total liabilities	17,128	14,468	613	610	17,741	15,078
Net assets/(liabilities)	3,875	3,892	(566)	(562)	3,309	3,330
Equity attributable to owners of the parent	3,488	3,503	(447)	(444)	3,041	3,059
Non-controlling interests	387	389	(119)	(118)	268	271
	3,875	3,892	(566)	(562)	3,309	3,330

**7. INVESTMENT IN SUBSIDIARIES (CONT'D)**

(ii) Summarised statement of profit or loss

	Prousaha (M) Sdn Bhd		Tekad Intisari Sdn Bhd		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss for the year	(17)	-	(4)	(270)	(21)	(270)
Loss attributable to owners of the parent	(15)	-	(3)	(203)	(18)	(203)
Loss attributable to the non-controlling interest	(2)	-	(1)	(68)	(3)	(68)

(iii) Summarised statement of cash flows

Net cash flows used in operating activities	(11,728)	(3,039)	(1)	(3)	(11,729)	(3,042)
Net cash flows generated from financing activities	10,770	4,000	-	-	10,770	4,000
Net (decrease)/increase in cash and cash equivalents	(958)	961	(1)	(3)	(959)	958
Cash and cash equivalents at 1 April	961	-	48	51	1,009	51
Cash and cash equivalents at 31 March	3	961	47	48	50	1,009

## 8. INVESTMENT IN AN ASSOCIATE

	Group/Company	
	2014 RM'000	2013 RM'000
Unquoted shares outside Malaysia	375	375
Less: Accumulated impairment losses	(375)	(375)
	-	-

The Group has not recognised losses relating to the associate where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the reporting date was RM304,000 (2013: RM109,500). The Group has no obligation in respect of these losses.

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

Name of associate	Paid-up share capital RM'000	Proportion of ownership interest		Principal activities
		2014 %	2013 %	
PT AP International *	750	50	50	Property development and property management

\* Audited by a firm other than Ernst & Young

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	PT AP International	
	2014 RM'000	2013 RM'000
Current assets representing total assets	66	84
Current liabilities representing total liabilities	674	303
Net liabilities attributable to owners of associate	(608)	(219)

(ii) Summarised statement of profit or loss

	PT AP International	
	2014 RM'000	2013 RM'000
Loss for the year	(410)	(420)

**8. INVESTMENT IN AN ASSOCIATE (CONT'D)**

(iii) Reconciliation of net liabilities to the carrying amount of Group's interest in the associate

	PT AP International	
	2014 RM'000	2013 RM'000
Group's share of net liabilities	(304)	(110)
Unrecognised losses	304	110
Carrying amount of Group's interest in associate	-	-

(iv) Group's share of results of associate

	(205)	(210)
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**9. AVAILABLE-FOR-SALE INVESTMENTS**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<i>Available-for-sale financial assets</i>				
<b>Non-current</b>				
Quoted shares in Malaysia	4,373	7,131	1,314	1,433
Quoted shares outside Malaysia	16	17	16	17
	4,389	7,148	1,330	1,450
<b>Current</b>				
Unquoted loan stocks in Malaysia, at cost	-	212	-	-

Impairment losses

During the financial year, the Group and the Company recognised impairment losses of RM364,000 (2013: RM628,000) and RM120,000 (2013: RM199,000) respectively, as there were decline in the fair value of these investments below their costs.

## 10. DEFERRED TAX

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 April 2013/2012	(66,271)	(83,505)	2	(11)
Recognised in profit or loss (Note 25)	16,695	17,234	-	13
At 31 March 2014/2013	(49,576)	(66,271)	2	2
Presented after to appropriate offsetting as follows:				
Deferred tax assets	2,136	3	9	2
Deferred tax liabilities	(51,712)	(66,274)	(7)	-
	(49,576)	(66,271)	2	2

The components and movements of deferred tax assets and liabilities of the Group and the Company during the financial year prior to appropriate offsetting are as follows:

	Revaluation of land held for property development and capital allowances RM'000	Provisions and unused tax losses RM'000	Total RM'000
<b>Group</b>			
<b>Deferred tax assets:</b>			
At 1 April 2013	-	1,122	1,122
Recognised in profit or loss	-	1,014	1,014
At 31 March 2014	-	2,136	2,136
At 1 April 2012	-	569	569
Recognised in profit or loss	-	553	553
At 31 March 2013	-	1,122	1,122
<b>Deferred tax liabilities:</b>			
At 1 April 2013	(67,393)	-	(67,393)
Recognised in profit or loss	15,681	-	15,681
At 31 March 2014	(51,712)	-	(51,712)
At 1 April 2012	(84,074)	-	(84,074)
Recognised in profit or loss	16,681	-	16,681
At 31 March 2013	(67,393)	-	(67,393)

**10. DEFERRED TAX (CONT'D)**

The components and movements of deferred tax assets and liabilities of the Group and the Company during the financial year prior to appropriate offsetting are as follows: (cont'd)

	Provisions	
	2014 RM'000	2013 RM'000
<b>Company</b>		
<b>Deferred tax assets:</b>		
As at 1 April 2013/2012	14	8
Recognised in profit or loss	(5)	6
As at 31 March 2014/2013	9	14

	Capital allowance	
	2014 RM'000	2013 RM'000
<b>Company</b>		
<b>Deferred tax liabilities:</b>		
As at 1 April 2013/2012	(12)	(19)
Recognised in profit or loss	5	7
As at 31 March 2014/2013	(7)	(12)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unused tax losses	6,210	4,083	3,932	2,724
Unabsorbed capital allowances	63	42	26	24
	6,273	4,125	3,958	2,748

The unused tax losses of the Group and the Company are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the Malaysian taxation authority.

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and such items have arisen in subsidiaries that have a history of losses.



## 11. INVENTORIES OF COMPLETED PROPERTIES

	Group	
	2014 RM'000	2013 RM'000
Inventories of completed properties, at cost	6,690	6,722

Certain completed properties with carrying value of RM6,437,000 (2013: RM6,437,000) have been charged to financial institutions as securities for credit facilities granted to the Group, as disclosed in Note 16(a) and (c) (2013: Note 16(a) and (c)).

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM32,000 (2013: RM2,146,000).

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current</b>				
<b>Trade receivables</b>	47,033	7,253	-	-
<b>Current</b>				
<b>Other receivables</b>				
Due from previous stockbroking clients	8,288	8,347	-	-
Sundry receivables	6,386	2,550	592	592
Deposit for acquisition of land	1,990	1,990	-	-
Other deposits	685	719	8	8
Capital contribution pursuant to a Joint Project Management Agreement	2,564	2,746	-	-
Due from associate	768	219	768	219
Due from subsidiaries	-	-	52,798	25,899
	20,681	16,571	54,166	26,718
Less: Allowance for impairment	(7,158)	(6,638)	(1,207)	(659)
	13,523	9,933	52,959	26,059
Total trade and other receivables	60,556	17,186	52,959	26,059
Add: Cash and cash equivalents (Note 13)	89,878	76,095	2,463	1,050
Total loans and receivables	150,434	93,281	55,422	27,109

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

### (a) Trade receivables

The Group's and the Company's normal trade credit terms range from 14 to 60 days (2013: 14 to 60 days) and 60 days (2013: 60 days) respectively. 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 value on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or a group of debtors.

#### Ageing analysis of trade receivables

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

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	18,015	3,840
1 to 30 days past due not impaired	8,309	1,528
31 to 60 days past due not impaired	3,835	300
61 to 90 days past due not impaired	3,690	162
More than 91 days past due not impaired	13,184	1,423
	29,018	3,413
	47,033	7,253

The total trade receivables are unsecured in nature.

#### Receivables that are neither past due nor impaired

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

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

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM29,018,000 (2013: RM3,413,000) that are past due at the reporting date but not impaired and are unsecured in nature.

### (b) Other receivables

#### Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM6,323,000 (2013: RM6,350,000) for impairment on the amount due from previous stockbroking clients and RM835,000 (2013: RM288,000) for impairment on sundry receivables. The Company has provided an allowance of RM768,000 (2013: RM220,000) for impairment on sundry receivables and RM439,000 (2013: RM439,000) for impairment on the amount due from a subsidiary.

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

### (b) Other receivables (cont'd)

#### *Other receivables that are impaired (cont'd)*

The amounts due from previous stockbroking clients represent amounts receivable from margin clients and non-margin clients prior to the disposal of the Group's stockbroking business in prior years and are partly collateralised by quoted shares.

The amount due from sundry receivables are unsecured, non-interest bearing and repayable on demand.

#### *Movement in allowance accounts*

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 April 2013/2012	(6,638)	(15,059)	(659)	(530)
Bad debts recovered (Note 20)	59	58	-	-
Bad debts written off	-	8,827	-	91
Impairment losses (Note 24)	(579)	(486)	(548)	(220)
Reversal of impairment loss (Note 20)	-	22	-	-
At 31 March 2014/2013	(7,158)	(6,638)	(1,207)	(659)

### (c) Deposit for acquisition of land

The deposits made by the Group relate to the proposed acquisitions of freehold land as described in Note 30(a).

### (d) Capital contribution pursuant to a Joint Project Management Agreement

The capital contribution was pursuant to a Joint Project Management Agreement ("the Agreement") entered by the Company's wholly owned subsidiary, AGB Properties Sdn. Bhd. with Puncak Darul Naim Sdn. Bhd. on 12 July 2005 to jointly manage the development of a residential project for a period of 9 months or such extended period as mutually agreed upon. On 12 July 2006, the Agreement was mutually terminated and Puncak Darul Naim Sdn. Bhd. has returned a portion of the balance of capital contribution to the subsidiary in tranches.

The balance is projected to be recovered in the next financial year.

### (e) Due from subsidiaries and an associate

The amounts due from subsidiaries and an associate are non-trade in nature. These amounts are unsecured, non-interest bearing and are repayable on demand.

The amounts due from an associate are provided for in full.

**13. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash at banks and on hand	24,248	15,297	193	549
Short term deposits with:				
Licensed banks	64,630	55,003	2,270	-
Financial institutions	1,000	5,795	-	501
Cash and cash equivalents	89,878	76,095	2,463	1,050

Included in cash at banks of the Group are amounts of RM14,187,000 (2013: RM7,801,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Included in cash at banks of the Group is an amount of RM16,392,000 (2013: RM11,031,000) pledged to financial institutions for credit facilities granted to a number of subsidiaries as disclosed in Note 16(a), (b) and (e) (2013: Note 16(a), (b) and (e)).

Short term deposits with licensed banks of the Group amounting to RM59,581,000 (2013: RM52,244,000) are pledged to licensed banks for credit facilities granted to a number of subsidiaries as disclosed in Note 16(a), (c) and (e) (2013: Note 16(a), (c) and (e)).

The weighted average effective interest rates of short term deposits at the reporting date are as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Licensed banks	3.05	2.98	3.05	-
Financial institutions	3.03	3.00	-	3.00

The average maturities of short term deposits as at the end of the financial year are as follows:

	Group		Company	
	2014 Days	2013 Days	2014 Days	2013 Days
Licensed banks	34	36	7	-
Financial institutions	12	6	-	7

## 14. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
<b>Group and Company:</b>				
<b>Authorised:</b>				
At beginning/end of year	7,500,000	7,500,000	1,500,000	1,500,000
<b>Issued and fully paid:</b>				
At beginning/end of year, at par value of RM0.20 each	975,315	975,315	195,063	195,063

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

### Employee Share Option Scheme

The Asian Pac Holdings Berhad's Employee Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 31 October 2005. The ESOS was granted on 31 May 2006 and is to be in force for a period of five (5) years from the date of implementation. The ESOS granted in prior years expired on 30 May 2011. The tenure of the ESOS was extended for another 5 years to 12 April 2016.

The salient features of the ESOS are as follows:

- (i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM0.20 each in the Company.
- (ii) Subject to the discretion of the ESOS Committee, any employee whose employment has been confirmed and any directors of the Group, shall be eligible to participate in the ESOS.
- (iii) The total number of ordinary shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.
- (iv) The option price for each share shall be the price as determined by the ESOS Committee which is at a discount of not more than ten per cent (10%) or such maximum discount as may be permitted by the relevant regulatory authorities from the weighted average market price of the new ordinary shares for the five (5) market days preceding the date on which the option is granted, or the par value of the new ordinary shares of the Company of RM0.20 each, whichever is higher. The option price is payable only in cash.
- (v) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of grant throughout the period of five (5) years from 31 May 2006. The employees' entitlements to the options are vested as soon as they become exercisable.

## 14. SHARE CAPITAL (CONT'D)

### Employee Share Option Scheme (cont'd)

The salient features of the ESOS are as follows (cont'd.):

- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (vii) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.

On 19 March 2014, the Company granted 53,740,000 ESOS to eligible employees of the Group to subscribe for new ordinary shares of RM0.20 each in the Company. At the closing date of 19 April 2014, 52,075,000 ESOS granted were accepted by employees of the Group.

Fair value of share options granted in the current financial year is discussed below:

The fair value of share options granted during the current financial year was estimated by an external valuer using the Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

	2014
Fair value of share options at grant date, 19 March 2014 (RM)	0.078
Weighted average share price (RM)	0.201
Expected volatility (%)	64.603%
Expected life (years)	2.069
Risk free rate (%)	4.061%
Expected dividend yield (%)	-

The expected life of the options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

## 15. OTHER RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Merger reserve	-	-	78,000	78,000
Fair value adjustment reserve	201	1,108	8	8
	201	1,108	78,008	78,008

Movements in reserves are shown in the respective statements of changes in equity.

## 15. OTHER RESERVES (CONT'D)

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

### (a) Merger reserve

The premium on shares issued in respect of the acquisition of BH Builders Sdn. Bhd. in the financial year ended 31 March 1996 had been credited to the merger reserve in accordance with the relief granted by Section 60(4) of the Companies Act, 1965 in Malaysia.

### (b) Fair value adjustment reserve

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

## 16. LOANS AND BORROWINGS

	Note	Group	
		2014 RM'000	2013 RM'000
<b>Current</b>			
Secured:			
Floating rate term loans	(a)	26,174	5,190
Islamic financing	(b)	462	441
Revolving credit	(c)	18,000	14,000
Obligation under finance leases	(d)	270	257
Medium term notes	(e)	70,000	50,000
		<b>114,906</b>	<b>69,888</b>

	Note	Group	
		2014 RM'000	2013 RM'000
<b>Non-current</b>			
Secured:			
Floating rate term loans	(a)	37,386	52,280
Islamic financing	(b)	55,213	36,213
Obligation under finance leases	(d)	376	646
Medium term notes	(e)	79,383	148,564
		<b>172,358</b>	<b>237,703</b>
<b>Total loans and borrowings</b>		<b>287,264</b>	<b>307,591</b>

## 16. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of the loans and borrowings are as follows:

	Group	
	2014 RM'000	2013 RM'000
On demand and within 1 year	114,907	69,888
More than 1 year and less than 2 years	103,193	104,346
More than 2 years and less than 5 years	19,834	133,357
More than 5 years	49,330	-
	287,264	307,591

- (a) The floating rate term loans are obtained for development projects and investment properties of the Company's wholly-owned subsidiary companies, Changkat Fajar Sdn. Bhd., BH Realty Sdn. Bhd., Prousa (M) Sdn. Bhd. and AGB Properties Sdn. Bhd. These term loans bear an average interest rate of 5.04% to 6.04% (2013: 5.04% to 5.30%) per annum. These are secured by charges over the Group's freehold and leasehold properties as disclosed in Note 4(b), certain leasehold property (Note 5), certain inventory of completed property (Note 11), certain short term deposits and bank balances (Note 13) and corporate guarantee provided by the holding company amounted to RM63,560,000 (2013: RM57,470,000).

On 28 May 2014, the repayment of certain term loan with carrying value of RM17,000,000 was deferred from August 2014 to February 2016 with a revision in interest rate.

- (b) Islamic financing is obtained for the working capital of a wholly-owned subsidiary, BH Realty Sdn. Bhd. and for partial financing of the acquisition of investment properties by wholly-owned subsidiary, BH Builders Sdn. Bhd. from another wholly-owned subsidiary, Syarikat Kapasi Sdn. Bhd. It bears an average interest rate of 4.60% to 6.05% (2013: 4.60% to 6.05%) per annum. It is secured by charges over the Group's leasehold property as disclosed in Note 4 (b) and Note 5, certain bank balances (Note 13), lease proceeds from an operating lease (Note 27) and corporate guarantee provided by the holding company amounted to RM55,675,000 (2013: RM36,654,000).
- (c) Revolving credits are obtained for the working capital of the Company's wholly-owned subsidiary companies, BH Realty Sdn. Bhd. and Syarikat Kapasi Sdn. Bhd. The revolving credits bear an average interest rate of 5.20% to 6.54% (2013: 5.20% to 6.54%) per annum. These are secured by charges over the Group's leasehold land and building as disclosed in Note 3(b) and Note 4(a), certain inventory of completed property (Note 11) and certain short term deposits (Note 13) and corporate guarantee provided by the holding company amounted to RM18,000,000 (2013: RM14,000,000).



## 16. LOANS AND BORROWINGS (CONT'D)

	Group	
	2014 RM'000	2013 RM'000
<b>Future minimum lease payments:</b>		
Within and up to 1 year	295	295
After 1 and up to 2 years	264	295
After 2 and up to 5 years	126	390
	685	980
Less: Future finance charges	(39)	(77)
Present value of future minimum lease payments	646	903
<b>Present value of finance lease liabilities:</b>		
Within and up to 1 year	270	257
After 1 and up to 2 years	254	270
After 2 and up to 5 years	122	376
Present value of finance lease liabilities	646	903
<b>Analysed as:</b>		
Due within 12 months	270	257
Due after 12 months	376	646
	646	903

- (d) The hire purchase payables bear interest at flat rates of between 2.32% to 3.25% (2013: 2.15% to 3.25%) per annum.

These obligations are secured by a charge over the leased assets (Note 3(d)).

- (e) In the previous financial years, Syarikat Kapasi Sdn. Bhd., a wholly-owned subsidiary of the Company issued RM200,000,000 Medium Term Notes ("MTN") under a Financial Guarantee Insurance Policy Issuance Facility from Danajamin Nasional Berhad to finance the construction and development cost of KK Time Square 2 project.

The outstanding MTNs have a tenure of 3.2 to 3.5 years (2013: 1.5 to 3.5 years) and are subject to coupon rate of 3.74% to 4.15% (2013: 3.58% to 4.15%) per annum and guarantee fee of 1.5% per annum.

The facility is secured by the Group's leasehold properties as disclosed in Note 4(b) and Note 5, certain short term deposits and bank balances (Note 13) and corporate guarantee provided by the holding company.

**17. TRADE AND OTHER PAYABLES**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	60,779	47,115	-	-
Trade accruals	5,498	23,200	-	-
	66,277	70,315	-	-
<b>Other payables</b>				
Deposits from property purchasers	5,247	3,491	-	-
Other deposits	2,491	864	-	-
Interest payables	2,850	2,698	409	-
Accruals	1,862	1,129	106	125
Amount due to shareholder	36,331	-	36,331	-
Amount due to land vendor	-	10,770	-	-
Amount due to subsidiaries	-	-	56,462	121,064
Others	4,952	2,971	7	6
	53,733	21,923	93,315	121,195
	120,010	92,238	93,315	121,195
<b>Non-current</b>				
Retention sum payable	11,976	10,277	-	-
Total trade and other payables	131,986	102,515	93,315	121,195
Add: Loans and borrowings (Note 16)	287,264	307,591	-	-
Total financial liabilities carried at amortised cost	419,250	410,106	93,315	121,195

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2013: 30 to 60 days).

The amount due to shareholder by the Group and the Company is payable within the next financial year with an interest of 5% per annum.

The amount due to subsidiaries by the Company are non-trade in nature. These amounts are unsecured, non-interest bearing and are repayable on demand.

## 18. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of development properties	279,929	96,828	-	-
Sale of inventories	48	2,467	-	-
Car park operations	2,971	2,467	-	-
Interest income on deposits	18	97	324	97
Rental income from:				
Lease	1,087	1,087	-	-
Other	72	68	-	-
Dividend income from:				
Subsidiaries	-	-	54,000	14,520
Equity investment, quoted in Malaysia	66	224	-	-
Management fees from subsidiaries	-	-	1,323	1,323
	284,191	103,238	55,647	15,940

## 19. COST OF SALES

	Group	
	2014 RM'000	2013 RM'000
Property development costs (Note 4(b))	211,939	74,519
Underprovision of property development costs in prior year	-	7
Car park operations	1,024	995
Cost of inventories	32	2,146
Others	103	-
	213,098	77,667

**20. OTHER INCOME**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Administration charges	264	325	-	-
Bad debts recovered (Note 12(b))	59	58	-	-
Gain on changes in fair value of quoted investments	1,576	-	-	-
Gain on disposal of property, plant and equipment	1	-	-	-
Gain on disposal of quoted investments	146	917	-	-
Miscellaneous income	34	12	-	-
Other interest income	1,578	3,278	-	-
Overdue interest receivable	67	25	-	-
Purchasers' deposit forfeited	171	44	-	-
Rental income	48	27	-	-
Reversal of impairment loss on:				
- other receivables (Note 12(b))	-	22	-	-
- investment property (Note 5)	-	939	-	-
- investment in subsidiaries	-	-	28,291	21,194
Unwinding of discount	95	565	-	-
	4,039	6,212	28,291	21,194

**21. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	8,530	6,324	1,790	1,632
Contributions to defined contribution plan	1,179	817	377	270
Social security contributions	47	35	2	2
Short term accumulating compensated absence	1	79	(22)	27
Other employee benefits	430	336	36	49
	10,187	7,591	2,183	1,980

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,271,000 (2013: RM1,249,500) and RM1,449,000 (2013: RM1,249,500) respectively as further disclosed in Note 22.

## 22. DIRECTORS' REMUNERATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Directors of the Company:</b>				
Executive directors' remuneration: Salaries and other emoluments	2,271	1,250	1,449	1,250
Non-executive directors' remuneration (Note 24): Fees	216	216	96	96
<b>Total directors' remuneration</b>	<b>2,487</b>	<b>1,466</b>	<b>1,545</b>	<b>1,346</b>

The details of the remuneration receivable by directors of the Group during the year are as follows:

	Salary and other emoluments RM'000	Fees RM'000	Bonus RM'000	Total RM'000
<b>At 31 March 2014</b>				
<b>Executive</b>				
Dato' Mustapha bin Buang	1,169	-	280	1,449
Yu Tat Loong *	655	-	167	822
	1,824	-	447	2,271
<b>Non-executive</b>				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas *	-	120	-	120
Dato' Mohamed Salleh bin Bajuri	-	48	-	48
Tan Siew Poh	-	48	-	48
	-	216	-	216
	1,824	216	447	2,487
<b>At 31 March 2013</b>				
<b>Executive</b>				
Dato' Mustapha bin Buang	1,040	-	210	1,250
<b>Non-executive</b>				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas *	-	120	-	120
Dato' Mohamed Salleh bin Bajuri	-	48	-	48
Tan Siew Poh	-	48	-	48
	-	216	-	216
	1,040	216	210	1,466

\* The above directors' remuneration were paid by subsidiary companies.

## 22. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration during the financial year fall within the following bands are analysed below:

	2014	2013
<b>Executive directors:</b>		
RM800,001 - RM850,000	1	-
RM1,200,001 - RM1,250,000	-	1
RM1,400,001 - RM1,450,000	1	-
<b>Non-executive directors:</b>		
Below RM50,000	2	2
RM100,001 - RM150,000	1	1

## 23. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on:				
Hire purchase	38	45	-	-
Bank borrowings	2,278	2,320	-	-
Loan from shareholder	410	-	410	-
	2,726	2,365	410	-

## 24. PROFIT BEFORE TAX

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Employee benefits expense (Note 21)	10,187	7,591	2,183	1,980
Non-executive directors' remuneration (Note 22)	216	216	96	96
Auditors' remuneration				
- statutory audit	177	154	44	35
- other services	7	7	7	7
- underprovision in prior year	1	-	-	-
Depreciation				
- property, plant and equipment (Note 3)	1,368	1,726	23	136
- investment properties (Note 5)	489	488	-	-
Property, plant and equipment written off (Note 3)	1	2	-	1
Impairment of:				
- quoted investments (Note 9)	364	628	120	199
- investment in subsidiaries	-	-	37,388	10,132
- investment in an associate (Note 8)	-	125	-	125
- intangible asset (Note 6)	4,178	1,721	-	-
- other receivables (Note 12(b))	579	486	548	220
- property development cost (Note 4(b))	-	266	-	-
Loss on disposal of property, plant and equipment	1	-	-	-
Direct operating expenses of investment properties	595	930	-	-
Rental of land and buildings	808	731	-	-

## 25. INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income tax:				
Current year tax expense	19,227	5,389	-	2,948
(Over)/underprovision in prior years	(52)	576	-	465
	19,175	5,965	-	3,413
Deferred tax (Note 10):				
Relating to origination of temporary differences	(5,368)	(1,955)	-	(13)
Overprovision in prior years	(11,327)	(15,279)	-	-
	(16,695)	(17,234)	-	(13)
Total income tax expense/(benefit)	2,480	(11,269)	-	3,400

## 25. INCOME TAX EXPENSE/(BENEFIT) (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2014 and 2013 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Profit before tax</b>	41,019	6,291	42,608	23,793
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	10,255	1,573	10,652	5,948
Income not subject to tax	(414)	(204)	(20,654)	(5,298)
Expenses not deductible for tax purposes	3,481	2,395	9,699	2,752
Utilisation of previously unrecognised tax losses	-	(511)	-	(463)
Utilisation of capital allowances	-	(3)	-	(4)
Deferred tax assets not recognised in respect of current year's unutilised tax losses and unabsorbed capital allowances	537	184	303	-
(Over)/underprovision of tax expense in prior years	(52)	576	-	465
Overprovision of deferred tax in prior years	(11,327)	(15,279)	-	-
<b>Tax expense/(benefit) for the year</b>	<b>2,480</b>	<b>(11,269)</b>	<b>-</b>	<b>3,400</b>

Tax savings during the financial year arising from:

	Group	
	2014 RM'000	2013 RM'000
Utilisation of current year tax losses	3,956	21
Utilisation of tax losses brought forward from previous years	-	3,763

## 26. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year held by the Company.



## 26. EARNINGS PER SHARE (CONT'D)

### (a) Basic (cont'd)

	Group	
	2014	2013
Profit net of tax, attributable to owners of the parent used in the computation of basic earnings per share (RM'000)	38,542	17,628
Weighted average number of ordinary shares in issue ('000)	975,315	975,315
Basic earnings per share attributable to ordinary equity holders of the Company (sen)	4.0	1.8

### (b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares. There have been no other transactions involving ordinary shares since the reporting date and before the completion of these financial statements.

## 27. OPERATING LEASE COMMITMENTS

### (a) Group as lessor

On 15 December 2004, the Group entered into a Lease Agreement ("the Agreement") with Magnificent Diagraph Sdn. Bhd. ("MDSB"), a company incorporated in Malaysia, for the lease of one long term leasehold land measuring approximately 6.265 acres as described in Note 5 to the financial statements.

Amongst the salient terms of the Agreement are as follows:

- (a) the Group agrees to lease the long term leasehold land to MDSB for a period of thirty (30) years commencing within one (1) month from the date at which all conditions precedent in the Agreement have been fulfilled ("the Commencement Date");
- (b) The lease is provided for the purpose of the erection and construction and subsequent use by MDSB thereon for a hypermarket facility;
- (c) MDSB shall pay to the Group an amount of RM474,846 as deposit;
- (d) The amount of rental payable by MDSB to the Group shall be calculated as follows:
  - (i) RM0.145 per square foot per month during the construction period;
  - (ii) RM0.29 per square foot per month commencing from the day immediately following the expiry of the construction period to the expiry of a period of three (3) years commencing from the Commencement Date; and
  - (iii) Thereafter, at the end of every period of three (3) years each, the first of which shall commence from the Commencement Date, the rental shall be increased at the rate of seven per centum (7%) of the rental of the preceding three (3) years period.
- (e) Notwithstanding anything in the Agreement, MDSB shall be entitled to lawfully terminate the Agreement at any time prior to the expiry of three (3) years each, the first such three (3) years period to commence from the date of the Agreement, without compensation or liability to the Group and the Group shall refund MDSB the deposit as described in item (c) above.

**27. OPERATING LEASE COMMITMENTS (CONT'D)**
**(a) Group as lessor (cont'd)**

On 8 November 2005, all conditions precedent in the Agreement were fulfilled.

The lease proceeds from operating lease have been charged to financial institution as securities for the facilities granted to the Group, as disclosed in Note 16(b) to the financial statements.

- i) Future minimum rentals receivable under non-cancellable operating lease at the reporting date are as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	635	1,087
Later than 1 year but not later than 5 years	-	635
	<b>635</b>	<b>1,722</b>

- ii) The Group has entered into commercial property leases on its property, plant and equipment and investment properties. These leases have remaining lease terms of between one and two years with renewal option included in the contracts.

Future minimum rentals receivable at the reporting date are as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	89	58
Later than 1 year but not later than 2 years	35	15
	<b>124</b>	<b>73</b>

**(b) Group as lessee**

The Group has entered into commercial leases with third parties for the rental of office and residential premises. The leases have a tenure of 1 to 3 years with renewal option included in the contracts.

Future minimum rentals payable at the reporting date are as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	980	899
Later than 1 year but not later than 5 years	244	703

## 28. CAPITAL COMMITMENT

	Group	
	2014 RM'000	2013 RM'000
<b>Capital expenditure</b>		
Approved and contracted for:		
Acquisition of freehold land (Note 30)	15,761	15,761

## 29. CONTINGENT LIABILITIES

Upon adoption of FRS 139, the financial guarantees provided to financiers for related companies are no longer disclosed as contingent liabilities but would instead be recorded as financial liabilities if considered likely to crystallise. The Group has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees are not material.

## 30. SIGNIFICANT AND SUBSEQUENT EVENTS

### (a) Proposed acquisition by BH Builders Sdn. Bhd.

The Company had announced on 19 May 2004, the Proposed Acquisition of 91.367 acres of freehold land held under H.S. (D) 28646, PT 4021, Mukim of Semenyih, District of Hulu Langat, state of Selangor ("Said Land") by BH Builders Sdn. Bhd. ("BH Builders"), a wholly-owned subsidiary of the Company, from Vee Seng Development Sdn. Bhd. for a total cash consideration of RM17,511,765. The completion of the Proposed Acquisition is subject to the conditions precedent, which stated that amongst others, the withdrawal or removal of the Private Caveats from the said land within eighteen (18) months from the date of the Sale and Purchase Agreement or such time as may be extended by BH Builders at its absolute discretion.

The period for the withdrawal or removal of the Private Caveats was first extended on 18 November 2005 for a period of one (1) year to expire on 18 November 2006. Further extensions were made on 1 November 2006, 8 October 2007, 10 October 2008 and 2 October 2009 for another one year each.

On 12 October 2010, the Group had exercised its discretion to extend the time frame indefinitely for the private caveat to be withdrawn or removed until the acquisition takes place.

On 31 January 2012, the High Court at Shah Alam had decided in favour of Vee Seng Development Sdn. Bhd. and BH Builders on the basis that the said private caveat had been wrongfully lodged over the Said Land by the caveator and ordered for the said private caveat to be removed and cancelled accordingly. This had been further reaffirmed by the decision of the Court of Appeal on 24 April 2014 whereby the appeal filed by the caveator has been dismissed with cost. The Group is now at the final stage of completing the Proposed Acquisition.

### (b) Employee Share Option Scheme ("ESOS")

Subsequent to the financial year end, the 52,075,000 of the ESOS granted on 19 March 2014 were accepted by eligible employees of the Group to subscribe the ordinary shares in the Company.

The fair value cost associated with the 52,075,000 ESOS amounting to RM4,046,000 will be charged to profit or loss in the financial year ending 31 March 2015.

The following ESOS were granted to the directors of the Company.

### 30. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

#### (b) Employee Share Option Scheme ("ESOS") (cont'd)

Name	Number of Share Option Granted
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas	3,150,000
Dato' Mustapha bin Buang	1,697,500
Dato' Mohamed Salleh bin Bajuri	2,150,000
Tan Siew Poh	2,100,000

#### (c) Term Financing-i of RM250 million

On 18 June 2014, Syarikat Kapasi Sdn. Bhd., a wholly-owned subsidiary of the Company, accepted a Term Financing-i facility up to the aggregate sum of RM250 million for a tenure of 7 years from Malaysian Building Society Berhad. The purpose of the facility is to refinance the outstanding Medium Term Notes ("MTN") issued under the RM200 million Financial Guaranteed Insurance Policy Issuance Facility from Danajamin National Berhad and to part finance the balance construction cost of the KK Times Square II project. The facility agreement has yet to be executed.

### 31. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2014 RM'000	2013 RM'000
Rental paid/payable to a company with common director	106	106
Sales of exterior shops by a related company to related companies	23,247	20,782

	Company	
	2014 RM'000	2013 RM'000
Interest on amount due to shareholder	410	-
Loan interest charged to a subsidiary	305	-
Gross dividend income from subsidiaries	54,000	14,520
Management fees charged to subsidiaries	1,323	1,323

The above transactions with related companies were transacted at terms and conditions which were mutually agreed between the parties concerned.

Related companies refer to companies within the Asian Pac Holdings Group.

- (b) Compensation by key management personnel

The Company defines key management personnel as its directors whose remunerations are detailed in Note 22 to the financial statements.

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

Group	2014		2013	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities:</b>				
Loans and borrowings (non-current)				
- Floating rate term loans	37,386	37,519	52,280	52,126
- Islamic financing	55,213	49,779	36,213	32,730
- Obligation under finance leases	376	376	646	645
- Medium term notes	79,383	79,273	148,564	147,530

### Determination of fair value

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

	<u>Note</u>
Trade and other receivables	12
Loans and borrowings (current)	16
Trade and other payables	17

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

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.

On 28 May 2014, the repayment of certain term loan with carrying value of RM17,000,000 was deferred from August 2014 to February 2016 with a revision in interest rate from ECOF + 1.75% to ECOF + 2% per annum effective from June 2014 onwards. Upon such adjustments, the fair value for this term loan is revised from RM16,988,000 to RM16,848,000.

### Finance lease obligations

The fair values of these financial instruments 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.

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### Determination of fair value (cont'd.)

#### Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of all unexpired financial guarantees issued by the Company were deemed nil and were not recognised as financial liabilities, as based on the current and past repayment trends of the guaranteed parties, the likelihood of the guaranteed party defaulting within the guaranteed period were assessed to be remote (Note 16).

#### Fair value hierarchy

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

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

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 March 2014, the Group and the Company hold the following financial instruments carried at fair value in the statements of financial position:

	2014 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Group</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial assets:				
Quoted shares in Malaysia	4,373	4,373	-	-
Quoted shares outside Malaysia	16	16	-	-

### 32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

#### Fair value hierarchy (cont'd)

	2014 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Company</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial assets:				
Quoted shares in Malaysia	1,314	1,314	-	-
Quoted shares outside Malaysia	16	16	-	-
	<b>2013 RM'000</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>
<b>Group</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial assets:				
Quoted shares in Malaysia	7,131	7,131	-	-
Quoted shares outside Malaysia	17	17	-	-
<b>Company</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial assets:				
Quoted shares in Malaysia	1,433	1,433	-	-
Quoted shares outside Malaysia	17	17	-	-

During the financial years ended 31 March 2014 and 31 March 2013, there were no known transfers between Level 1 and Level 2 fair value measurements.

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, market price risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process.

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 counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (a) Credit risk (cont'd)

The Group's objectives are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is kept to the minimum.

##### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- Corporate guarantee provided by the Company to banks or financial institutions on subsidiaries' bank loans and borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 12 to the financial statements.

##### Credit risk concentration profile

The Group and the Company determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	2014		2013	
	RM'000	% of total	RM'000	% of total
<b>Group</b>				
By business segments:				
Property development	46,825	99.6%	7,110	99%
Car park operations	208	0.4%	143	1%
	47,033	100%	7,253	100%

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's objectives are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 40.0% (2013: 22.7%) of the Group's loans and borrowings (Note 16) will mature in less than one year based on the carrying amount reflected in the financial statements.



### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity risk (cont'd.)

##### Analysis of financial instruments by remaining contractual maturities

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.

2014	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>Group</b>			
<b>Financial liabilities:</b>			
Trade and other payables	120,010	12,637	132,647
Loans and borrowings	125,489	211,186	336,675
Total undiscounted financial liabilities	245,499	223,823	469,322
<b>Company</b>			
<b>Financial liabilities:</b>			
Trade and other payables, excluding financial guarantees	93,315	-	93,315
Total undiscounted financial liabilities*	93,315	-	93,315
<b>2013</b>			
<b>Group</b>			
<b>Financial liabilities:</b>			
Trade and other payables	92,238	10,842	103,080
Loans and borrowings	73,652	278,637	352,289
Total undiscounted financial liabilities	165,890	289,479	455,369
<b>Company</b>			
<b>Financial liabilities:</b>			
Trade and other payables, excluding financial guarantees	121,195	-	121,195
Total undiscounted financial liabilities*	121,195	-	121,195

\* At the reporting date, the counterparty to the financial guarantees do not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (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 and the Company's exposure to interest rate risk arise primarily from the short term deposits and loans and borrowings.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax arising as a result of lower/higher interest income on short term deposits and interest expense on floating rate loans and borrowings would have the following effects:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit net of tax	20	5	2	-

#### (d) Market price risk

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

The Group and the Company are exposed to equity price risk arising from investment in quoted equity instruments in Malaysia and Singapore. These instruments are classified as available-for-sale financial assets. The Group and the Company do not have exposure to commodity price risk.

The Group's and the Company's exposure to market price risk are minimal as the Group's and the Company's investment in quoted equity instruments are small compared to its total assets.

#### (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 Company has transactional currency exposure arising from amount due from an associate that is denominated in Indonesian Rupiah. The Company is also exposed to currency translation risk arising from its net investments in foreign operations.

The Company's exposure to foreign currency risk is minimal.

### 34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. No changes were made in the objectives, policies or processes during the years ended 31 March 2014 and 31 March 2013.

### 34. CAPITAL MANAGEMENT (CONT'D)

The Group's policy is to maintain a sustainable gearing ratio to meet its existing requirements taking into consideration the facilities agreements entered into by the Group. The Group includes within the net debt, loans and borrowings, hire purchase liabilities, trade and other payables, less cash and cash equivalents. Capital refers to equity attributable to owners.

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and borrowings	16	287,264	307,591	-	-
Trade and other payables	17	131,986	102,515	93,315	121,195
Less: Cash and cash equivalents	13	(89,878)	(76,095)	(2,463)	(1,050)
Net debt		329,372	334,011	90,852	120,145
Equity attributable to the owners of the parent, representing total capital		379,365	341,730	337,533	294,925
Capital and net debt		708,737	675,741	428,385	415,070
Gearing ratio		46%	49%	21%	29%

### 35. SEGMENT INFORMATION

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

- (i) Investment holding - holding of quoted and unquoted shares for capital investment purposes;
- (ii) Property development - development of residential and commercial properties;
- (iii) Property investment - investment in properties; and
- (iv) Car park operations - operation of car park

Except as indicated above, no operating segments have been aggregated to form the above reportable segments.

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

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 March 2014

## 35. SEGMENT INFORMATION (CONT'D)

	Investment holding and others		Property development		Property investment		Car park operations		Adjustments and eliminations		Note		Consolidated	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Revenue:</b>														
External customers	84	322	279,976	99,295	1,160	1,154	2,971	2,467	-	-	284,191	103,238		
Inter-segment	55,635	15,843	23,248	20,782	-	7	-	-	(78,883)	(36,632)	-	-		
Total revenue	55,719	16,165	303,224	120,077	1,160	1,161	2,971	2,467	(78,883)	(36,632)	284,191	103,238		
<b>Results:</b>														
Interest income	18	97	1,578	3,277	-	1	-	-	-	-	1,596	3,375		
Dividend income	54,066	14,744	-	-	-	-	-	-	(54,000)	(14,520)	66	224		
Depreciation	43	258	746	889	489	488	579	579	-	-	1,857	2,214		
Other non-cash expenses	-	-	2	2	-	-	-	-	-	-	2	2		
Impairment of assets	667	1,239	4,454	1,987	-	-	-	-	-	-	5,121	3,226		
Segment (loss)/profit	(3,154)	(1,315)	42,346	5,561	565	1,152	1,262	893	-	-	41,019	6,291		
<b>Assets and liabilities:</b>														
Additions to non-current assets	13	6	310	19,156	58,413	153,975	-	-	(34,608)	-	24,128	173,137		
Segment assets	11,795	17,532	260,443	214,210	500,080	440,875	30,328	30,907	100,139	125,317	902,785	828,841		
Segment liabilities	36,940	152	167,465	168,948	262,810	247,311	4,274	4,943	51,663	65,486	523,152	486,840		

### 35. SEGMENT INFORMATION (CONT'D)

**Notes** Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated upon consolidation.

B Other material non-cash expenses consist of the following items presented in the respective notes to the financial statements:

	Note	2014 RM'000	2013 RM'000
Loss on disposal of property, plant and equipment	24	1	-
Property, plant and equipment written off	24	1	2
		2	2

C Impairment of assets consist of:

	Note	2014 RM'000	2013 RM'000
Impairment of property development costs	4(b)	-	266
Impairment of intangible asset	6	4,178	1,721
Impairment on investment in an associate	24	-	125
Impairment on quoted investment	24	364	628
Impairment on other receivables	24	579	486
		5,121	3,226

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000
Land held for property development	53,645	54,641
Intangible assets	17,276	21,453
Investment in an associate	-	-
Property development costs	72,249	69,219
Trade and other receivables	28,840	17,652
Investment properties	(73,042)	(38,434)
Inventories for completed properties	1,171	1,171
Tax recoverable	-	(385)
	100,139	125,317

**35. SEGMENT INFORMATION (CONT'D)**

**Notes** Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd)

E The following item is added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000
Deferred tax liabilities	51,663	65,486

**Geographical segments**

No geographical segment is prepared as the Group operates only in Malaysia.

### 36. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings or accumulated losses of the Group and of the Company as at 31 March 2014 into realised and unrealised profits or losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2012 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings				
- Unrealised (accumulated losses)/ retained earnings	(8,825)	(11,051)	(766)	2
- Realised retained earnings	118,126	83,349	63,022	19,646
	109,301	72,298	62,256	19,648
Add : Consolidation adjustments	72,594	71,055	-	-
Total retained earnings	181,895	143,353	62,256	19,648



# LIST OF PROPERTIES HELD

As at 31 March 2014

Location	Description	Existing Use	Tenure	Age Of Building	Area	Net Book Value RM'000	Acquisition/ Completion Date
Title No. TL 17533505 Kota Kinabalu, Sabah	Land	Investment property under construction / Property under development	Leasehold expires : 31/12/2076	N/A	15.45 acres	459,888	27/10/1997
H.S. (D) 157186, PT 23762, Mukim Labu, Daerah Seremban, Negeri Sembilan	Land	Vacant	Leasehold expires : 9/11/2102	N/A	399.84 acres	54,068	23/3/2006
H.S. (D) 279025, PTB 20500, Bandar Johor Bahru, Mukim Johor, Johor	Land	Property under development	Freehold	N/A	11.68 acres	53,451	23/3/2006
PT 298, HS (D) 39196 Mukim Bandar Kundang, Gombak, Selangor	Land	Vacant	Leasehold expires : 24/1/2101	N/A	49.97 acres	26,327	30/3/2002
Title No. TL 17540500 Kota Kinabalu, Sabah	Ground and basement carpark	Carpark operations	Leasehold expires : 31/12/2080	6	114,039 sq. ft.	19,709	24/3/2008
H.S. (D) 153647, PT 43498 Mukim Sungai Buloh, Petaling, Selangor	Land	Land held for development	Leasehold expires : 29/10/2100	N/A	6.47 acres	19,117	26/3/2013
PN 39177, Lot No. 63582 Mukim of Batu, Wilayah Persekutuan	Land	Property under development	Leasehold expires : 10/01/2087	N/A	3 acres	13,314	11/1/1988
PN 39178, Lot 63579 Mukim of Batu, Wilayah Persekutuan	Land	For lease	Leasehold expires : 10/01/2087	N/A	6.23 acres	12,392	11/1/1988
Title No. TL 17528942, Kampung Karamunsing, Kota Kinabalu, Sabah	Land	Carpark operations	Leasehold expires : 21/01/2901	4	52,433 sq. ft.	6,655	31/10/2010
Lot No. 60967, PN 33305 Mukim of Batu, Wilayah Persekutuan	6 storey carpark building	Carpark operations	Leasehold expires : 10/1/2102	8	0.472 acre	3,964	15/3/2007



Authorized Share Capital	:	RM1,500,000,000
Issued and paid-up capital	:	RM196,264,842.00
Class of Shares	:	Ordinary Shares of RM0.20 each
Voting Rights	:	One vote per share

## DISTRIBUTION OF SHAREHOLDERS/DEPOSITORS

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 – 99	210	1.138	4,252	0.000
100 – 1,000	3,736	20.249	3,603,776	0.367
1,001 – 10,000	9,653	52.319	46,959,746	4.785
10,001 – 100,000	4,050	21.951	148,528,040	15.135
100,001 – 49,066,209	799	4.330	655,623,527	66.810
49,066,210 and above	2	0.010	126,604,869	12.901
<b>Total</b>	<b>18,450</b>	<b>100.000</b>	<b>981,324,210</b>	<b>100.000</b>

## LIST OF THIRTY LARGEST SHAREHOLDERS/DEPOSITORS

Name	No. of Shares Held	% of Issued Capital
1 Mah Sau Cheong	76,604,869	7.806
2 M & A Nominee (Tempatan) Sdn Bhd Insas Credit & Leasing Sdn Bhd For Mah Sau Cheong	50,000,000	5.095
3 South Malaysia Industries Berhad	48,344,000	4.926
4 Dato' Mustapha Bin Buang	29,724,485	3.029
5 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Sau Cheong	23,550,000	2.399
6 Seraya Kota Sdn Bhd	22,765,000	2.319
7 Bandar Sri Tujuh Sdn Bhd	21,600,000	2.201
8 HSBC Nominees (Asing) Sdn Bhd Exempt An for the HongKong And Shanghai Banking Corporation Limited	14,506,200	1.478
9 Puncak Darul Naim Sdn Bhd	13,903,200	1.416
10 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Sau Cheong	11,500,000	1.171
11 UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	10,566,766	1.076
12 Puncak Darul Naim Sdn Bhd	9,263,375	0.943
13 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rozanita Binti Zainal Abidin	9,000,000	0.917
14 Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wee Hian @ Mah Siew Kung	7,703,100	0.784
15 Leow Soon Seng	7,700,000	0.784
16 Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited	7,617,399	0.776
17 Kenanga Nominees (Tempatan) Sdn Bhd KKC for Kwan Chu Wah	7,349,855	0.748



Name	No. of Shares Held	% of Issued Capital
18 Lew Soon Kiak	6,400,000	0.652
19 Tan Leng Pee Sendirian Berhad	5,894,300	0.600
20 UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	5,709,000	0.581
21 Taman Bunga Merlimau Sdn Bhd	5,356,000	0.545
22 Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account-Arab-Malaysian Credit Berhad for Mah Sau Cheong	5,200,000	0.529
23 MP Factors Sdn Bhd	5,040,000	0.513
24 Chin Lai Kuen	5,000,000	0.509
25 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeong Sin Khong	4,812,900	0.490
26 Leow Pek Fong @ Liew Pek Fong	4,575,000	0.466
27 Chin Khee Kong & Sons Sdn Bhd	4,420,000	0.450
28 RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	4,085,000	0.416
29 Bakry Bin Hamzah	4,000,000	0.407
30 Tan Hon Kiat @ Tan Hoon Siong	3,835,000	0.390
	<b>436,025,449</b>	<b>44.416</b>

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDER

	No. of Shares Held			
	Direct	%	Indirect	%
Mah Sau Cheong	166,854,869	17.00	*5,753,000	0.59

## DIRECTORS' INTEREST IN SHARES

	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri Hj Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas	1,857,000	0.19	-	-
Dato' Mustapha Bin Buang	32,850,985	3.35	*800,000	0.08
Dato' Mohamed Salleh Bin Bajuri	-	-	-	-
Tan Siew Poh	-	-	-	-
Dr Yu Tat Loong	-	-	-	-

Note:

\* Deemed interest by virtue of his spouse.

NOTICE IS HEREBY GIVEN that the Ninety-Sixth Annual General Meeting of the Company will be held at Banquet Hall, Level 1, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 25 September 2014 at 11.00 a.m. to transact the following business:-

## AGENDA

### ORDINARY BUSINESS

- |    |  |                                       |
|----|--|---------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2014 and the Reports of the Directors and Auditors.  | <b><i>Please refer<br/>Note 3</i></b> |
| 2. | To declare a special single tier dividend of 0.002 sen per ordinary share for the financial year ended 31 March 2014.  | <b><i>Resolution 1</i></b>            |
| 3. | To re-elect Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as Director of the Company who retire by rotation and being eligible offers himself for re-election in accordance with Article 115 of the Company's Articles of Association. | <b><i>Resolution 2</i></b>            |
| 4. | To re-elect Ms Tan Siew Poh as Director of the Company who retire by rotation and being eligible offers herself for re-election in accordance with Article 115 of the Company's Articles of Association.   | <b><i>Resolution 3</i></b>            |
| 5. | To re-appoint Messrs Ernst & Young as the Company's Auditors to hold office for the ensuing year and to authorize the Directors to fix their remuneration.   | <b><i>Resolution 4</i></b>            |

### SPECIAL BUSINESS

- |    |  |                            |
|----|--|----------------------------|
| 6. | To consider and, if thought fit, pass the following resolutions with or without modifications as:-   |                            |
| a) | <b>Ordinary Resolution - Authority to issue shares pursuant to Section 132D of the Companies Act 1965</b>  |                            |
|    | <p>THAT pursuant to Section 132D of the Companies Act 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price 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 for such person or persons whomever does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.</p> | <b><i>Resolution 5</i></b> |
| b) | <b>Ordinary Resolution – Directors' Fees</b>   |                            |
|    | <p>To approve the Directors' Fees of RM96,000.00 for the financial year ended 31 March 2014.</p>   | <b><i>Resolution 6</i></b> |
| c) | <b>Ordinary Resolution – Retention as Independent Non-Executive Directors</b>  |                            |
|    | <p>(i) "THAT subject to the passing of Resolution 2, authority be and is hereby given to Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company."</p>   | <b><i>Resolution 7</i></b> |

- (ii) “THAT authority be and is hereby given to Dato’ Mohamed Salleh Bin Bajuri who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.”

**Resolution 8**

d) **Ordinary Resolution – Proposed Grant of Options to Dr Yu Tat Loong, Executive Director**

“THAT the ESOS Committee be and is hereby authorized at any time and from time to time, to offer to Dr Yu Tat Loong, an Executive Director of the Company, options to subscribe for new ordinary shares of RM0.20 each in the Company pursuant to Employees’ Share Option Scheme (“ESOS”) and the limit prescribed under the Listing Requirements of Bursa Malaysia Securities Berhad and/or any conditions, modifications, variation and amendments that may be imposed from time to time.”

**Resolution 9**

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 1965 and the Company’s Articles of Association.

## NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Ninety-Sixth Annual General Meeting to be held on 25 September 2014, a special single tier dividend of 0.002 sen per ordinary share for the financial year ended 31 March 2014 will be paid on 13 November 2014 to Depositors registered in the Record of Depositors at the close of business on 17 October 2014.

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

- (a) shares transferred to the Depositor’s securities account before 4.00 p.m. on 17 October 2014 in respect of transfers;
- (b) shares deposited into the Depositor’s securities account before 12.30 p.m. on 15 October 2014 (in respect of shares exempted from mandatory deposit); and
- (c) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board  
 Chan Yoon Mun (MAICSA 0927219)  
 Ooi Mei Ying (MAICSA 7051036)  
 Secretaries

Kuala Lumpur  
 3 September 2014

### Notes:

1) **Members Entitled To Attend**

In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 September 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 96th AGM or appoint proxy/proxies to attend and/or vote on his behalf.

2) **Appointment of Proxy**

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two [2]) to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
- (b) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

- (c) Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (d) Where a member of the Company is an exempt authorized 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 authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- (e) An instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorized.
- (f) An instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

### 3) Explanatory Notes on Ordinary Business

#### Item 1 of the Agenda – To receive the Audited Financial Statements for the financial year ended 31 March 2014

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not put forward for voting.

### 4) Explanatory Notes on Special Business:-

#### (a) Resolution 5 - Section 132D of the Companies Act 1965

The proposed Resolution 5, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, to issue a maximum not up to ten percent (10%) of the issued and paid-up capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

The proposed Resolution 5 is a renewal of general mandate that has been sought in the preceding year. There were no proceeds raised from the previous mandate given for the financial year ended 31 March 2014.

The General Mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project(s) working capital and/or acquisition.

#### (b) Resolution 6 – Directors' Fees

The Directors' Fees of RM96,000.00 is for services rendered by the directors concerned to the Company for the financial year ended 31 March 2014.

#### (c) Resolution 7– Proposed Retention of Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas as Independent Non-Executive Director Resolution 8– Proposed Retention of Dato' Mohamed Salleh Bin Bajuri as Independent Non-Executive Director

The Nomination Committee and the Board had assessed the independence of Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas and Dato' Mohamed Salleh Bin Bajuri who had served the Company for a cumulative term of more than nine (9) years and arising therefrom, the Board recommended for shareholders' approval again at the forthcoming 96th AGM (which shareholders' approval had been obtained at last AGM) to retain them as Independent Non-Executive Directors of the Company based on the following justifications:

- (i) *Independent Guidelines set by Bursa Securities* - They continue to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
  - (ii) *Effectiveness of Board and Board Committees* - They ensured effective check and balance in the proceedings of the Board and Board Committees; and
  - (iii) *Fiduciary duties* - They exercised due care and carried out their professional and fiduciary duties in the interest of the Company and shareholders during the tenure as Independent Non-Executive Directors of the Company.
- (d) **Resolution 9 – Proposed Grant of Options to Dr Yu Tat Loong, Executive Director**  
The By-Laws governing and constituting the ESOS states that no options shall be granted to any Director unless the allocation of options to that Director has been approved by the shareholders at a general meeting of the Company.

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# PROXY FORM

96th Annual General Meeting



**ASIAN PAC HOLDINGS BERHAD** (129-T)

(Incorporated in Malaysia)

Registered Office:

12th Floor, Menara SMI,

No. 6, Lorong P. Ramlee,

50250 Kuala Lumpur

Tel : 03-2078 1207

Fax: 03-2031 1968

<b>Number of shares held</b>	
<b>CDS Account No.</b>	

I/We (Full Name) \_\_\_\_\_ (NRIC No./ Co. No. \_\_\_\_\_)  
of \_\_\_\_\_

being a member/members of ASIAN PAC HOLDINGS BERHAD (Co. No. 129-T) do hereby appoint :-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares:	%
Address			

and / or failing him/her

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares:	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Ninety-Sixth Annual General Meeting of the Company to be held at Banquet Hall, Level 1, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 25 September 2014 at 11.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

No.	RESOLUTIONS	FOR	AGAINST
1	To declare special dividend		
2	To re-elect Tan Sri Dato' Seri Hj Megat Najmuddin as Director		
3	To re-elect Ms Tan Siew Poh as Director		
4	To re-elect Messrs Ernst & Young as Auditors		
5	To authorize the issue shares pursuant to S132D of the Companies Act, 1965		
6	To approve the payment of Directors' Fees		
7	To retain Tan Sri Dato' Seri Hj Megat Najmuddin as Independent Non-Executive Director		
8	To retain Dato' Mohamed Salleh Bin Bajuri as Independent Non-Executive Director		
9	To approve the Proposed Grant of Options		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
Signature of Member

## Notes:

### 1. Members Entitled To Attend

In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 September 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 96th AGM or appoint proxy/proxies to attend and/or vote on his behalf.

### 2. Appointment of Proxy

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two [2]) to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorized 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 authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- An instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorized.
- An instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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The Company Secretary  
**ASIAN PAC HOLDINGS BERHAD**  
(Company No. 129-T)

12th Floor, Menara SMI,  
No. 6, Lorong P. Ramlee  
50250 Kuala Lumpur

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## CONTACT US

**ASIAN PAC HOLDINGS BERHAD** (COMPANY NO. 129-T)

106, Block G, Pusat Dagangan Phileo Damansara 1

No.9, Jalan 16/11, Off Jalan Damansara

46350 Petaling Jaya, Selangor.

Tel: (03) 7665 3388 Fax: (03) 7665 0702