PERAK CORPORATION BERHAD

(210915-U)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2012

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Directors' report

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 December 2012.

Principal activities

The principal activities of the Company consist of property and investment holding, real property development and provision of management services.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

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

Results

	Group RM	Company RM
Profit net of tax	56,593,354	6,995,099
Profit attributable to:		
Owners of the parent	38,056,022	6,995,099
Non-controlling interests	18,537,332	-
	56,593,354	6,995,099

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.

Dividends

The amount of dividend paid by the Company since 31 December 2011 was as follows:

	RM
In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:	
Final dividend of 3.0% less 25% taxation, on 100,000,000 ordinary shares, approved on 29 June 2012 and paid on 16 August 2012	2,250,000

At the forthcoming Annual General Meeting, the following dividend payments will be proposed for shareholders' approval:

	RM
In respect of the financial year ended 31 December 2012:	
Final dividends:	
8.5% per share less 25% taxation, on 100,000,000 ordinary shares	6,375,000
Tax exempt of 1.1 sen per share, on 100,000,000 ordinary shares	1,100,000
	7,475,000

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2013.

Directors

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

Dato' Nasarudin Bin Hashim
Dato' Wan Hashimi Albakri Bin Wan Ahmad Amin Jaffri
Tuan Haji Ab Rahman Bin Mohammed
Dato' Abd Karim Bin Ahmad Tarmizi
Dato' Dr Vasan A/L Sinnadurai
Datuk Dr Wan Norashikin Bt Wan Noordin
Dato' Aminuddin Bin Md Desa (appointed on 27 February 2013)

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.

Directors' benefits (contd.)

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 as shown in Note 10 to the financial statements or the fixed salary of a full time employee of the Company or its related corporations) 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, except as disclosed in Note 35 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
The Company	**1 January 2012**	**Bought**	**Sold**	**31 December 2012**
Tuan Haji Ab Rahman Bin Mohammed				
- indirect*	5,000	-	-	5,000
Dato' Dr Vasan A/L Sinnadurai				
- direct	30,000	-	-	30,000

**deemed interest through his spouse/issue*

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

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that 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 value 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.

Other statutory information (contd.)

(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/or recurring events

The significant and/or recurring events during the financial year are as disclosed in Note 38 to the financial statements.

Perak Corporation Berhad
(Incorporated in Malaysia)

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
25 April 2013

Dato' Nasarudin Bin Hashim

Tuan Haji Ab Rahman Bin Mohammed

Ipoh, Perak Darul Ridzuan, Malaysia

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Perak Corporation Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 169(15) of the Companies Act 1965

We, Dato' Nasarudin Bin Hashim and Tuan Haji Ab Rahman Bin Mohammed, being two of the directors of Perak Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 128 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 December 2012 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 44 to the financial statements on page 129 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit 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
25 April 2013

Dato' Nasarudin Bin Hashim

Tuan Haji Ab Rahman Bin Mohammed

Ipoh, Perak Darul Ridzuan, Malaysia

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

I, Harbhajan Singh A/L Ujagar Singh, being the officer primarily responsible for the financial management of Perak Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 128 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 Harbhajan Singh A/L
Ujagar Singh at Ipoh
in the State of Perak Darul Ridzuan
on 25 April 2013

Harbhajan Singh A/L
Ujagar Singh

Before me,

Commissioner for Oaths
S. LETCHUMI DEVI
No. 33, Jalan Dato 'Maharajalela
30000 Ipoh, Perak.

PESURUHJAYA SUMPAH
No: A 080
Nama: S. LETCHUMI DEVI
MALAYSIA

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Independent auditors' report to the members of Perak Corporation Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Perak Corporation Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 128.

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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.

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Independent auditors' report to the members of
Perak Corporation Berhad (contd.)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the 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.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 44 on page 129 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material aspects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

ERNST & YOUNG

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Independent auditors' report to the members of
Perak Corporation Berhad (contd.)

Other matters

1. As stated in Note 2.2 to the financial statements, Perak Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. 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

Leong Chooi May
No. 1231/03/15 (J)
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 25 April 2013

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Perak Corporation Berhad
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Statements of comprehensive income
For the financial year ended 31 December 2012

		Group		Company	
		2012	**2011**	**2012**	**2011**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	3	157,383,001	128,908,036	12,190,549	10,576,216
Cost of sales	4	(58,178,459)	(48,120,071)	-	(1,803,925)
Gross profit		99,204,542	80,787,965	12,190,549	8,772,291
Other items of income					
Interest income	5	5,928,828	7,697,833	1,447,103	2,875,378
Other income	6	4,034,865	3,826,814	2,217	65,458
Other items of expense					
Administrative expenses		(26,761,624)	(20,710,635)	(1,798,286)	(1,504,223)
Finance costs	7	(4,052,007)	(4,529,952)	(10,232)	(8,012)
Other expenses		(2,458,284)	(3,431,873)	(2,203,222)	(1,896,826)
Profit before tax	8	75,896,320	63,640,152	9,628,129	8,304,066
Income tax expense	11	(19,302,966)	(16,256,809)	(2,633,030)	(1,807,037)
Profit net of tax		56,593,354	47,383,343	6,995,099	6,497,029
Other comprehensive income:					
Net gain/(loss) on available -for-sale financial assets					
- Gain/(Loss) on fair value changes		1,273,948	(6,403,771)	-	-
Total comprehensive income for the year		57,867,302	40,979,572	6,995,099	6,497,029

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Statements of comprehensive income
For the financial year ended 31 December 2012 (contd.)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Profit attributable to:					
Owners of the parent		38,056,022	29,598,142	6,995,099	6,497,029
Non-controlling interests		18,537,332	17,785,201	-	-
		56,593,354	47,383,343	6,995,099	6,497,029
Total comprehensive income attributable to:					
Owners of the parent		39,329,970	23,194,371	6,995,099	6,497,029
Non-controlling interests		18,537,332	17,785,201	-	-
		57,867,302	40,979,572	6,995,099	6,497,029
Earnings per share attributable to owners of the parent (sen per share):					
Basic	12	38.06	29.60		
Diluted	12	38.06	29.60		

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

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Perak Corporation Berhad
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Statements of financial position
As at 31 December 2012

		Group			Company		
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	Note	RM	RM	RM	RM	RM	RM
Assets							
Non-current assets							
Property, plant and equipment	13	67,255,044	49,330,982	47,652,365	9,978,369	10,058,535	10,113,876
Port facilities	14	84,827,661	86,305,980	86,445,961	-	-	-
Investment properties	15	5,146,088	5,225,177	-	-	-	-
Land held for property development	16	14,658,319	17,426,502	18,948,975	-	-	-
Investments in subsidiaries	17	-	-	-	175,117,720	175,117,720	175,117,720
Investments in associate		-	-	1,985,562	-	-	3,992,793
Other investments	18	29,747,740	28,018,028	33,016,341	15,640	16,341	16,341
Intangible assets	19	23,811,003	23,811,003	23,811,003	-	-	-
		225,445,855	210,117,672	211,860,207	185,111,729	185,192,596	189,240,730
Current assets							
Property development costs	16	131,793,677	146,018,976	151,226,298	78,524,319	68,927,059	52,200,366
Inventories	20	6,331,241	5,260,272	5,662,670	-	-	-
Trade and other receivables	21	186,595,322	166,070,551	140,263,036	120,130,371	134,959,058	151,142,255
Other current assets	22	254,685	206,077	231,132	-	-	-
Tax recoverable		1,530,777	870,677	3	421,989	388,120	-
Cash and bank balances	23	184,950,094	146,713,619	146,604,062	21,060,355	10,124,923	11,635,620
		511,455,796	465,140,172	443,987,201	220,137,034	214,399,160	214,978,241
Total assets		736,901,651	675,257,844	655,847,408	405,248,763	399,591,756	404,218,971

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Statements of financial position
As at 31 December 2012 (contd.)

		Group			Company		
		31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	Note	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Equity and liabilities							
Current liabilities							
Retrenchment benefits	24	-	-	820,706	-	-	-
Loans and borrowings	26	77,223,769	77,232,855	77,282,883	60,061,665	60,051,610	60,031,337
Trade and other payables	28	53,958,048	32,582,308	38,808,915	2,549,426	1,683,041	10,418,259
Tax payable		4,245,831	3,649,536	1,697,750	-	-	578,385
		135,427,648	113,464,699	118,610,254	62,611,091	61,734,651	71,027,981
Net current assets		376,028,148	351,675,473	325,376,947	157,525,943	152,664,509	143,950,260
Non-current liabilities							
Retirement benefits	25	-	257,445	221,445	-	-	-
Trade and other payables	28	4,912,485	-	-	-	-	-
Loans and borrowings	26	30,419,003	35,549,182	40,363,593	160,449	124,981	80,895
Deferred tax liabilities	29	5,108,687	5,569,993	5,340,164	-	-	-
		40,440,175	41,376,620	45,925,202	160,449	124,981	80,895
Total liabilities		175,867,823	154,841,319	164,535,456	62,771,540	61,859,632	71,108,876
Net assets		561,033,828	520,416,525	491,311,952	342,477,223	337,732,124	333,110,095

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Statements of financial position
As at 31 December 2012 (contd.)

		Group			Company		
		31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	Note	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Equity attributable to owners of the parent							
Share capital	30	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Share premium	31	172,770,440	172,770,440	172,770,440	172,770,440	172,770,440	172,770,440
Fair value adjustment reserve	32	(2,176,023)	(3,449,971)	2,953,800	-	-	-
Retained earnings	33	197,848,179	162,042,157	134,319,015	69,706,783	64,961,684	60,339,655
		468,442,596	431,362,626	410,043,255	342,477,223	337,732,124	333,110,095
Non-controlling interests		92,591,232	89,053,899	81,268,697	-	-	-
Total equity		561,033,828	520,416,525	491,311,952	342,477,223	337,732,124	333,110,095
Total equity and liabilities		736,901,651	675,257,844	655,847,408	405,248,763	399,591,756	404,218,971

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

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Statements of changes in equity
For the financial year ended 31 December 2012

			|---------- Attributable to owners of the parent				----------|	
			Equity attributable to owners of the parent	Non-distributable		Distributable	Non distributable	
2012 Group	**Note**	**Equity total RM**	**total RM**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Fair value adjustment reserve RM**	**Non-controlling interests RM**
At 1 January 2012		520,416,525	431,362,626	100,000,000	172,770,440	162,042,157	(3,449,971)	89,053,899
Total comprehensive income		57,867,302	39,329,970	-	-	38,056,022	1,273,948	18,537,332
Dividend paid by a subsidiary to a non-controlling shareholder		(14,999,999)	-	-	-	-	-	(14,999,999)
Transactions with owners								
Dividend	34	(2,250,000)	(2,250,000)	-	-	(2,250,000)	-	-
At 31 December 2012		561,033,828	468,442,596	100,000,000	172,770,440	197,848,179	(2,176,023)	92,591,232

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Perak Corporation Berhad
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Statements of changes in equity
For the financial year ended 31 December 2012 (contd.)

			|------------------- Attributable to owners of the parent				-----------------------------|	
			Equity attributable to owners of the parent	Non |-------------distributable	---------|	Distributable	Non distributable	
2011 Group	**Note**	**Equity total RM**	**the parent total RM**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Fair value adjustment reserve RM**	**Non-controlling interests RM**
At 1 January 2011		491,311,952	410,043,255	100,000,000	172,770,440	134,319,015	2,953,800	81,268,697
Total comprehensive income		40,979,572	23,194,371	-	-	29,598,142	(6,403,771)	17,785,201
Dividend paid by a subsidiary to a non-controlling shareholder		(9,999,999)	-	-	-	-	-	(9,999,999)
Transactions with owners								
Dividend	34	(1,875,000)	(1,875,000)	-	-	(1,875,000)	-	-
At 31 December 2011		520,416,525	431,362,626	100,000,000	172,770,440	162,042,157	(3,449,971)	89,053,899

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Statements of changes in equity
For the financial year ended 31 December 2012 (contd.)

			Non I------------distributable---------I		Distributable
		Equity total	Share capital	Share premium	Retained earnings
Company	**Note**	**RM**	**RM**	**RM**	**RM**
At 1 January 2012		337,732,124	100,000,000	172,770,440	64,961,684
Total comprehensive income		6,995,099	-	-	6,995,099
Transactions with owners					
Dividend	34	(2,250,000)	-	-	(2,250,000)
At 31 December 2012		342,477,223	100,000,000	172,770,440	69,706,783
At 1 January 2011		333,110,095	100,000,000	172,770,440	60,339,655
Total comprehensive income		6,497,029	-	-	6,497,029
Transactions with owners					
Dividend	34	(1,875,000)	-	-	(1,875,000)
At 31 December 2011		337,732,124	100,000,000	172,770,440	64,961,684

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

Perak Corporation Berhad
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Statements of cash flows
For the financial year ended 31 December 2012

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Operating activities				
Profit before tax	75,896,320	63,640,152	9,628,129	8,304,066
Adjustments for:				
Allowance for impairment loss				
- receivables	3,424,726	1,059,987	-	48,028
- other investment	701	-	701	-
Depreciation				
- property, plant and equipment	831,718	774,533	232,607	206,322
- port facilities	2,497,068	2,448,557	-	-
- investment properties	79,089	6,500	-	-
Dividend income				
- other investment	(874,112)	(3,200,000)	-	-
- a subsidiary	-	-	(9,999,000)	(6,666,667)
Interest expenses	4,052,007	4,529,952	10,232	8,012
Interest income	(5,928,828)	(4,997,214)	(1,447,103)	(1,569,766)
Gain on disposal of				
- property, plant and equipment	(4,099)	(34,995)	-	(16,497)
- port facilities	(7,999)	(84,999)	-	-
Gain on disposal of investments in associate	-	(2,014,438)	-	(7,207)
Property, plant and equipment written off	1,922	329	-	-
Port facilities written off	865	157,675	-	-
Provision for retirement benefits	21,000	36,000	-	-
Reversal of provision for retrenchment benefits no longer required	-	(7,417)	-	-
Reversal of provision for retirement benefits no longer required	(99,896)	-	-	-
Reversal of allowance for impairment loss in receivables	(46,226)	(625,643)	-	-
Waiver of late payment interest	-	(2,700,619)	-	(1,305,612)
Waiver of debts	(2,147,278)	(50,000)	-	-
Total adjustments	1,800,658	(4,701,792)	(11,202,563)	(9,303,387)

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Statements of cash flows
For the financial year ended 31 December 2012 (contd.)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Operating cash flows before changes in working capital	77,696,978	58,938,360	(1,574,434)	(999,321)
Changes in working capital:				
Property development costs	14,225,299	6,729,795	(9,597,260)	(16,726,693)
Inventories	(1,070,969)	402,398	-	-
Payables	28,435,503	(3,206,618)	866,385	(7,110,236)
Receivables	(14,639,656)	(27,160,348)	15,914,196	17,045,305
Other current assets	(48,608)	25,055	-	-
Total changes in working capital	26,901,569	(23,209,718)	7,183,321	(6,791,624)
Cash flows from/(used in) operations	104,598,547	35,728,642	5,608,887	(7,790,945)
Retirement benefits paid	(178,549)	-	-	-
Retrenchment benefits paid	-	(813,289)	-	-
Taxes paid	(19,948,753)	(14,145,868)	(351,899)	(1,106,875)
Net cash flows from/(used in) operating activities	84,471,245	20,769,485	5,256,988	(8,897,820)
Investing activities				
Dividends received	874,112	2,400,000	7,684,000	5,000,000
Interest received	4,975,848	3,767,708	361,595	340,260
Proceeds from disposal of				
- property, plant and equipment	4,123	35,000	-	16,500
- port facilities	8,000	85,000	-	-
Proceeds from disposal of investments in associate	-	4,000,000	-	4,000,000
Purchase of other investments	(456,465)	(1,405,458)	-	-
Purchase of investment properties	-	(1,300,000)	-	-
Purchase of port facilities	(1,019,615)	(2,466,252)	-	-
Purchase of property, plant and equipment	(23,889,760)	(4,039,936)	(52,441)	(50,984)
Net cash flows (used in)/from investing activities	(19,503,757)	1,076,062	7,993,154	9,305,776

Perak Corporation Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2012 (contd.)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Financing activities				
Dividend paid	(2,250,000)	(1,875,000)	(2,250,000)	(1,875,000)
Dividend paid to non-controlling interests	(14,999,999)	(9,999,999)	-	-
Interest paid	(4,052,007)	(4,529,952)	(10,232)	(8,012)
Placement of bank balances pledged	(988,800)	(142,067)	-	-
Placement of deposits pledged	(766,532)	(15,805)	-	-
Placement of deposits with maturity period more than three months	(38,316,765)	-	-	-
Drawdown from revolving credit for share financing	12,000,000	-	-	-
Repayment of				
- hire purchase and lease financing	(429,007)	(331,039)	(54,478)	(35,641)
- BaIDs	(5,000,000)	(5,000,000)	-	-
- Margin loan for share financing	(12,000,000)	-	-	-
Net cash flows used in financing activities	(66,803,110)	(21,893,862)	(2,314,710)	(1,918,653)
Net increase/(decrease) in cash and cash equivalents	(1,835,622)	(48,315)	10,935,432	(1,510,697)
Cash and cash equivalents at 1 January	137,907,557	137,955,872	10,124,923	11,635,620
Cash and cash equivalents at 31 December	136,071,935	137,907,557	21,060,355	10,124,923
Cash and cash equivalents comprise:				
Cash and bank balances	54,946,645	12,714,807	3,424,096	74,923
Deposits with licensed banks	130,003,449	133,998,812	17,636,259	10,050,000
	184,950,094	146,713,619	21,060,355	10,124,923
Bank balances pledged	(9,487,083)	(8,498,283)	-	-
Deposits with licensed banks with maturity period more than three months	(38,316,765)	-	-	-
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(1,074,311)	(307,779)	-	-
	136,071,935	137,907,557	21,060,355	10,124,923

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

Notes to the financial statements
For the financial year ended 31 December 2012

1. Corporate information

Perak Corporation Berhad ("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 D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan. The principal place of business of the Company is located at 2nd Floor, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan.

The immediate and ultimate holding corporation of the Company is Perbadanan Kemajuan Negeri Perak, a body corporate established under Perak Enactment No. 3 of 1967.

The principal activities of the Company consist of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries are described in Note 17.

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

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

For all periods up to and including the year ended 31 December 2011, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS") in Malaysia. These financial statements for the year ended 31 December 2012 are the first the Group and the Company have prepared in accordance with MFRS as disclosed in Note 2.2.

The financial statements have been prepared on a historical cost basis unless otherwise stated in the summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM").

2. Significant accounting policies (contd.)

2.2 First-time adoption of Malaysian Financial Reporting Standards

These financial statements, for the year ended 31 December 2012, are the first the Group and the Company have prepared in accordance with MFRS as issued by the Malaysian Accounting Standards Board ("MASB"). For the periods up to and including the year ended 31 December 2011, the Group and the Company prepared their financial statements in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011.

The Group and the Company have prepared financial statements which comply with MFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2011, the Group's and the Company's date of transition to MFRS.

MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain requirements under MFRS. The Group and the Company have not applied any of the exemptions except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively. In respect of acquisitions prior to the date of transition,

(i) The classification of former business combinations under FRS is maintained;
(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

2. Significant accounting policies (contd.)

2.2 First-time adoption of Malaysian Financial Reporting Standards (contd.)

(b) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

There are no adjustments arising from the transition to MFRS. Accordingly, notes related to the statements of financial position of the Group and of the Company as at date of transition to MFRS are not presented.

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 July 2012

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Effective for annual periods beginning on or after 1 January 2013

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 128 Investments in Associates and Joint Ventures
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
Amendment to IC Interpretation 2 Members’ Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Effective for annual periods beginning on or after 1 January 2013 (contd.)

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11: Joint Arrangements: Transition Guidance
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

Effective for financial periods beginning on or after 1 January 2015

MFRS 9 Financial Instruments

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Except for Amendments to MFRS 101, MFRS 9, MFRS 10, MFRS 11, MFRS 12, MFRS 13, MFRS 127, MFRS 128 and MFRS 3 the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of Amendments to MFRS 101, MFRS 9, MFRS 10, MFRS 11, MFRS 12, MFRS 13, MFRS 127, MFRS 128 and MFRS 3 are described below:

(a) Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

(b) MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9 Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but will not have an impact on the classification and measurement of financial liabilities. The Group and the Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(c) MFRS 10 Consolidated Financial Statements

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

Under MFRS 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 MFRS 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.

MFRS 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. MFRS 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.

Based on the preliminary analysis performed, MFRS 10 is not expected to have any impact on the currently held investments of the Group.

(d) MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Based on the preliminary analysis performed, MFRS 11 is not expected to have any impact on the currently held investments of the Group.

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

(e) MFRS 12 Disclosures of Interest in Other Entities

MFRS 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.

(f) MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to meaure fair value under MFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on preliminary analysis, no material impact is expected.

(g) MFRS 127 Separate Financial Statements

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

(h) MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 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.

(i) MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

2. Significant accounting policies (contd.)

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.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

If the business combination is achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the present ownership instruments' proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control effectively ceases.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income.

The accounting policies for goodwill are disclosed in Note 2.4(e).

(b) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses.

(c) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held directly or indirectly by the Group. Non-controlling interests are presented separately in the statement of comprehensive income of the Group and within equity in the statement of financial position of the Group, separately from parent shareholder’s equity.

All total comprehensive income is proportionately allocated to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(d) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(d) Associates (contd.)

The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

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 obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are 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.

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

(e) Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes 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.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(e) Intangible assets (contd.)

Goodwill (contd.)

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

(f) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2%
Leasehold land and buildings	2%
Other assets	
Equipment, furniture and fittings	5% - 25%
Computer	20%
Motor vehicles	10% - 25%
Refurbishment and renovations	20%

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(f) Property, plant and equipment and depreciation (contd.)

Assets under capital work in progress are not depreciated as these assets are not yet available for use.

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, and adjusted prospectively, if appropriate.

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

(g) Port facilities

Port facilities are stated at cost less accumulated depreciation and any accumulated impairment losses.

All expenditure incurred, associated with development of port facilities inclusive of interest cost capitalised in accordance with Note 2.4(q) are amortised over the estimated useful life.

The principal annual rates of depreciation are:

Leasehold port land	over 99 years
Port structure	over 50 years
Port equipment	over 10 – 20 years

Amortisation of the port structure is based on the revenue method where the cost is amortised based on the total actual revenue in the year over total expected revenue to be generated from the port operations during the period of its estimated useful life.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(h) Investment properties

Investment property is a property which is held either to earn rental income or for capital appreciation or for both. Such property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of building on freehold land is provided for on a straight-line basis to write-off the cost of the property to its residual value over its estimated useful life, at 2% per annum.

The residual value, 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 investment property.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

(i) 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 as non-current and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(i) Land held for property development and property development costs (contd.)

(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.

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

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

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(j) Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's 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 flows (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 asset. 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.

As 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.

Impairment loss on goodwill is not reversed in a subsequent period.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(k) Inventories

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

Cost is determined using the weighted average basis. The cost of tools and spares comprises costs of purchase and cost of bringing the inventories to their present location.

Completed properties held for sale are stated at lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Financial assets

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

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

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

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

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

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(l) Financial assets (contd.)

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(l) Financial assets (contd.)

(iv) Available-for-sale financial assets

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

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

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

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On the 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.

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 ie, the date that the Group and the Company commit to purchase or sell the asset.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(m) 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 cost

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, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, and 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 (contd.)

2.4 Summary of significant accounting policies (contd.)

(m) Impairment of financial assets (contd.)

(ii) Unquoted equity securities carried at cost

If there is objective evidence 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) Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, 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 available-for-sale 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. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and deposits with licensed financial institutions, but do not include deposits with licensed financial institutions which have been pledged for guarantee and other bank facilities granted to the Group and the Company as collaterals, and net of outstanding bank overdrafts.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(o) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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 a finance cost.

(p) 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 MFRS 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.

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

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

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any 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 as at fair value through profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(p) Financial liabilities (contd.)

(ii) Other financial liabilities

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current unless the Group has 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.

(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 expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period 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.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(r) Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")

The BaIDS are bonds issued in accordance with the Islamic finance concept of Bai Bithaman Ajil.

BaIDS are initially recognised at cost, being fair value of the consideration received. After initial recognition, the profit element attributable to the BaIDS in each period are recognised in profit or loss as finance cost, at a constant rate of maturity of each series respectively.

(s) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, the Group makes contributions to the statutory pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Defined benefit plans

A subsidiary operated an unfunded defined benefit scheme for its eligible employees, ("the Scheme") under a Collective Agreement with the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia. The Group's obligation under the scheme, calculated using Projected Benefit Valuation Method, was determined by an actuarial valuation carried out every three years by a qualified actuary, through which the amount of benefit that employees had earned in return for their service in the current and prior years was estimated.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(s) Employee benefits (contd.)

(iii) Defined benefit plans (contd.)

That benefit was discounted in order to determine its present value. Actuarial gains and losses were recognised as income or expense over the expected average remaining working lives of the participating employees. Past service costs were recognised immediately to the extent that the benefits were already vested, and otherwise were amortised on a straight-line basis over the average period until the amended benefits became vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs. The last valuation of the Scheme was carried out in March 2006.

Upon the disposal of the hotel property in 2009, no actuarial valuation on the Scheme has been carried out by the subsidiary. The provision for the retirement benefits made in the financial statements is in respect of the remaining employees under the said Scheme.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when the Group has a detailed formal plan for the termination and without realistic possibility of withdrawal.

Termination benefits of a subsidiary are provided based on existing contractual obligations under a Collective Agreement with the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(t) Leases

(i) As lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase or lease payments at the inception of the hire purchase or leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statements of financial position as loan and borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial costs are also added to the carrying amount of such assets.

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

The depreciation policy for hire purchase or leased assets is in accordance with that for depreciable property, plant and equipment and port facilities as described in Note 2.4(f) and 2.4(g) respectively.

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

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct cost 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(u)(vii).

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(u) Revenue

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

(i) Dividend income

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

(ii) Hotel related operations

Revenue from hotel related operations comprising rental of hotel rooms, sale of food and beverage and other related income are recognised when the services are provided.

(iii) Management fees

Management fees in respect of the management services provided by the Company are recognised when the services are provided.

(iv) Mobilisation fees

Mobilisation fees are recognised on a receivable basis.

(v) Port services

Revenue from port services and provision of container services are measured at fair value of the consideration receivable and are recognised in profit or loss on a rendered basis.

Revenue from Operation and Maintenance of deepwater bulk terminal and facility is recognised in profit or loss on an accrual basis.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(u) Revenue (contd.)

(vi) Proceeds from bus fare collection and provision of charter and tour related services

Proceeds received from bus fare collection and provision of charter and tour related services are recognised when services are rendered.

(vii) Rental income

Rental income is recognised over the term of the tenancy.

(viii) Sale of goods

Revenue relating to sale of goods is recognised net of discounts and rebates when transfer of risks and rewards have been completed.

(ix) Sale of completed properties

Sale of completed properties is recognised when transfer of risks and rewards have been completed.

(x) Sale of land

Revenue relating to sale of port development land is recognised on a percentage of completion basis.

Revenue relating to sale of other vacant land is recognised when the risks and rewards of ownership have been transferred upon finalisation of the sale and purchase agreements.

(xi) Sale of development properties

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises a contract to construct a property or a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as described in Note 2.4(i)(ii).

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(u) Revenue (contd.)

(xi) Sale of development properties (contd.)

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

(i) The buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer and;

(ii) All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

(v) 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.

(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.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(v) Income taxes (contd.)

(ii) Deferred tax (contd.)

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, associates and interests in joint ventures, 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, associates and interests in joint ventures, 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 (contd.)

2.4 Summary of significant accounting policies (contd.)

(v) Income taxes (contd.)

(ii) Deferred tax (contd.)

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 same taxation authority.

(w) Segment reporting

For management 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 Group who regularly review 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 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

(x) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of 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.

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates

(a) Judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:-

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

The Group has developed certain criteria based on MFRS 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.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates (contd.)

(a) Judgements made in applying accounting policies (contd.)

(ii) Impairment of available-for-sale investments

The Group reviews its investments in quoted shares classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The Group's policy considers a significant decline to be one in which the fair value is below the weighted-average cost by more than 30% and a prolonged decline to be in which the fair value is below the weighted-average cost for greater than twelve (12) months or more.

For the financial year ended 31 December 2012, no impairment loss has been recognised for available-for-sale financial assets.

(iii) Operating lease commitments - as lessor

The Group has entered into commercial properties leases on its investment properties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and buildings were clearly operating leases or finance leases. The Group assessed and determined that it retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates (contd.)

(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 an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The net carrying amount of goodwill as at 31 December 2012 was RM23,811,003 (2011 : RM23,811,003). Further details are disclosed in Note 19.

(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 bear 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.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 16.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management 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.

2. Significant accounting policies (contd.)

2.5 Significant accounting estimates and judgements (contd.)

(b) Key sources of estimation uncertainty (contd.)

(iii) Deferred tax assets (contd.)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. The total carrying value of unrecognised business losses and unabsorbed capital allowances of the Group was RM330,046 (2011 : RM1,281,497). Further details are disclosed in Note 29.

(iv) Useful lives of property, plant and equipment and port facilities

The cost of plant and equipment and port facilities are depreciated on the basis as set out in Notes 2.4(f) and 2.4(g).

Management estimates the useful life of building and port facilities to be 50 years based on the level of expected usage. Management also estimates that these assets will have minimal residual values at the end of their useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's property, plant and equipment and port facilities at the reporting date are disclosed in Notes 13 and 14.

(v) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 21.

3. Revenue

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Dividend income				
- subsidiary	-	-	9,999,000	6,666,667
- other investment	874,112	3,200,000	-	-
Sales of land	77,313,413	51,811,645	-	1,718,000
Sales of completed properties	125,000	195,000	-	-
Management fees	-	-	132,000	132,000
Port services	75,333,533	69,142,131	-	-
Proceeds received from bus fare collections and provision of charter services	12,800	42,849	-	-
Sales of goods	529,220	598,700	-	-
Project management fees	1,135,374	1,858,162	-	-
Rental income	2,059,549	2,059,549	2,059,549	2,059,549
	157,383,001	128,908,036	12,190,549	10,576,216

4. Cost of sales

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Property development costs (Note 16(b))	43,647,330	23,829,513	-	1,803,925
Cost of completed properties sold	97,301	181,762	-	-
	43,744,631	24,011,275	-	1,803,925
Cost of goods sold	494,659	1,637,569	-	-
Cost of services rendered	13,939,169	22,471,227	-	-
	58,178,459	48,120,071	-	1,803,925

5. Interest income

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Interest income from:				
Loans and receivables	952,980	1,229,506	1,085,508	1,229,506
Short term money market funds and fixed deposits	4,975,848	3,767,708	361,595	340,260
	5,928,828	4,997,214	1,447,103	1,569,766
Waiver of late payment interest	-	2,700,619	-	1,305,612
	5,928,828	7,697,833	1,447,103	2,875,378

6. Other income

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Accounting fees	-	-	-	11,492
Gain on disposal of				
- property, plant and equipment	4,099	34,995	-	16,497
- port facilities	7,999	84,999	-	-
Gain on disposal of investments in associate	-	2,014,438	-	7,207
Management fees	360,000	360,000	-	-
Miscellaneous income	1,469,263	649,322	2,217	30,262
Waiver of debt	2,147,278	50,000	-	-
Reversal of allowance for impairment loss in receivables	46,226	625,643	-	-
Reversal of provision for retrenchment benefits no longer required	-	7,417	-	-
	4,034,865	3,826,814	2,217	65,458

7. Finance costs

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
BaIDS financing cost	2,968,750	3,343,750	-	-
Interest on margin loan financing	667,139	1,140,008	-	-
Interest on revolving credit	227,293	-	-	-
Interest on hire purchase and finance lease liabilities	38,714	46,194	10,232	8,012
Interest on advances	150,111	-	-	-
	4,052,007	4,529,952	10,232	8,012

8. Profit before tax

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Auditors' remuneration				
Statutory audits				
- current year	130,900	116,600	36,300	33,000
- underprovision in prior year	-	8,700	-	5,000
Non-audit fees				
- assurance related	5,000	5,000	5,000	5,000
- tax and other non-audit services	39,700	39,500	5,000	5,000
Allowance for impairment loss on financial assets:				
- trade receivables (Note 21)	3,424,726	1,059,987	-	-
- other receivables (Note 21)	-	-	-	48,028
- other investment	701	-	701	-
Depreciation				
- property, plant and equipment (Note 13)	831,718	774,533	232,607	206,322
- port facilities (Note 14)	2,497,068	2,448,557	-	-
- investment properties (Note 15)	79,089	6,500	-	-
Direct operating expenses of investment properties				
- revenue generating during the year	2,292	10,969	-	-
Employee benefits expense (Note 9)	11,767,732	9,118,290	1,317,919	1,059,856
Interest income	(5,928,828)	(4,997,214)	(1,447,103)	(1,569,766)
Waiver of late payment interest	-	(2,700,619)	-	(1,305,612)
Gain on disposal of				
- property, plant and equipment	(4,099)	(34,995)	-	(16,497)
- port facilities	(7,999)	(84,999)	-	-
Gain on disposal of investments in associate	-	(2,014,438)	-	(7,207)
Non-executive directors' remuneration (Note 10)	1,237,570	717,521	258,550	174,400
Provision for retirement benefits (Note 25)	21,000	36,000	-	-

8. Profit before tax (contd.)

The following items have been included in arriving at profit before tax (contd.):

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Property, plant and equipment written off (Note 13)	1,922	329	-	-
Port facilities written off (Note 14)	865	157,675	-	-
Rental of port equipment and office equipment	6,923,101	6,484,176	-	-
Reversal of allowance for impairment loss in receivables	(46,226)	(625,643)	-	-
Reversal of provision for retrenchment benefits no longer required (Note 24)	-	(7,417)	-	-
Reversal of provision for retirement benefits no longer required (Note 25)	(99,896)	-	-	-
Rental of premises	288,899	288,900	163,243	194,547
Rental income				
- investment properties	-	(50,000)	-	-
- others	(2,099,509)	(2,237,304)	(2,059,549)	(2,059,549)
Waiver of debts	(2,147,278)	(50,000)	-	-

9. Employee benefits expense

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Salaries and wages	10,016,640	7,724,510	1,130,896	944,785
Employees Provident Fund contributions	1,098,236	826,618	85,424	67,775
Social Security contributions	77,543	72,513	3,160	2,380
Other staff related expenses	575,313	494,649	98,439	44,916
	11,767,732	9,118,290	1,317,919	1,059,856

10. Directors' remuneration

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Non-Executive:				
Directors of the Company:				
Fees	358,000	272,000	228,000	152,000
Other emoluments	30,550	22,400	30,550	22,400
Other directors:				
Fees	569,090	148,587	-	-
Other emoluments	279,930	274,534	-	-
Total non-executive directors' remuneration (excluding benefits-in-kind)	1,237,570	717,521	258,550	174,400
Estimated money value of benefits-in-kind	8,925	9,500	-	-
Total non-executive directors' remuneration (including benefits-in-kind)	1,246,495	727,021	258,550	174,400

The number of directors of the Company whose total remuneration during the year fell within the following bands are analysed as follows:

	Number of directors	
	2012	**2011**
Non-executive directors:		
Below RM50,000	6	6
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Statement of comprehensive income:				
Current income tax:				
Tax expense for the year	19,778,255	16,034,339	2,601,530	1,843,590
(Over)/Under provision in previous years	(13,983)	(7,359)	31,500	(36,553)
	19,764,272	16,026,980	2,633,030	1,807,037
Deferred income tax (Note 29):				
Relating to origination and reversal of temporary differences	(657,246)	115,682	-	-
Under provision in previous years	195,940	114,147	-	-
	(461,306)	229,829	-	-
Income tax expense recognised in profit or loss	19,302,966	16,256,809	2,633,030	1,807,037

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

11. Income tax expense (contd.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax	75,896,320	63,640,152	9,628,129	8,304,066
Tax at Malaysian statutory tax rate of 25%	18,974,080	15,910,038	2,410,823	2,076,017
Adjustments:				
Non-deductible expenses	858,880	916,050	190,707	107,812
Income not subject to tax	(531,410)	(685,205)	-	(336,453)
Other items	47,446	(5,966)	-	(3,786)
Deferred tax assets not recognised on tax losses and unabsorbed capital allowances	36,468	15,104	-	-
Utilisation of previously unrecognised deferred tax assets	(264,455)	-	-	-
(Over)/Under provision of current tax in previous years	(13,983)	(7,359)	31,500	(36,553)
Under provision of deferred tax in previous years	195,940	114,147	-	-
Income tax expense recognised in profit or loss	19,302,966	16,256,809	2,633,030	1,807,037

12. Earnings per share

(a) Basic

The basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	**2011**
	RM	**RM**
Profit attributable to ordinary equity holders of the Company (RM)	38,056,022	29,598,142
Weighted average number of ordinary shares in issue	100,000,000	100,000,000
Basic earnings per share (sen) for:		
Profit for the year	38.06	29.60

(b) Diluted

There is no dilutive effect on earnings per share as the Company has no potential issue of ordinary shares.

13. Property, plant and equipment

	Land and buildings* RM	Other assets** RM	Capital work in progress RM	Total RM
Group				
Cost				
At 1 January 2011	48,110,469	5,066,209	55,508	53,232,186
Additions	-	1,093,479	5,291,682	6,385,161
Disposals	-	(366,818)	-	(366,818)
Write off (Note 8)	-	(239,623)	-	(239,623)
Reclassification to investment properties (Note 15)	(4,030,058)	(60,891)	-	(4,090,949)
At 31 December 2011	44,080,411	5,492,356	5,347,190	54,919,957
At 1 January 2012	44,080,411	5,492,356	5,347,190	54,919,957
Additions	494,473	486,074	23,198,955	24,179,502
Disposals	-	(64,835)	-	(64,835)
Write off (Note 8)	-	(106,500)	-	(106,500)
Transfer to property development cost (Note 16)	(4,201,655)	-	-	(4,201,655)
Transfer to inventory	(1,220,121)	-	-	(1,220,121)
Reclassification	1,878,625	-	(1,878,625)	-
At 31 December 2012	41,031,733	5,807,095	26,667,520	73,506,348
Accumulated depreciation				
At 1 January 2011	2,083,007	3,496,814	-	5,579,821
Depreciation charge for the year (Note 8)	189,073	585,460	-	774,533
Disposals	-	(366,813)	-	(366,813)
Write off (Note 8)	-	(239,294)	-	(239,294)
Reclassification to investment properties (Note 15)	(141,004)	(18,268)	-	- (159,272)
At 31 December 2011	2,131,076	3,457,899	-	5,588,975
At 1 January 2012	2,131,076	3,457,899	-	5,588,975
Depreciation charge for the year (Note 8)	145,364	686,354	-	831,718
Disposals	-	(64,811)	-	(64,811)
Write off (Note 8)	-	(104,578)	-	(104,578)
At 31 December 2012	2,276,440	3,974,864	-	6,251,304
Net carrying amount				
At 31 December 2011	41,949,335	2,034,457	5,347,190	49,330,982
At 31 December 2012	38,755,293	1,832,231	26,667,520	67,255,044

13. Property, plant and equipment (contd.)

***Land and buildings**

	Freehold land RM	Buildings RM	Leasehold land and buildings RM	Total RM
Group				
Cost				
At 1 January 2011	33,826,409	2,350,060	11,934,000	48,110,469
Reclassification to investment properties (Note 15)	(1,679,998)	(2,350,060)	-	(4,030,058)
At 31 December 2011	32,146,411	-	11,934,000	44,080,411
At 1 January 2012	32,146,411	-	11,934,000	44,080,411
Addition	494,473	-	-	494,473
Transfer to property development cost (Note 16)	(4,201,655)	-	-	(4,201,655)
Transfer to inventory	-	(1,220,121)	-	(1,220,121)
Reclassification	-	1,878,625	-	1,878,625
At 31 December 2011	28,439,229	658,504	11,934,000	41,031,733
Accumulated depreciation				
At 1 January 2011	-	94,003	1,989,004	2,083,007
Depreciation charge for the year	-	47,001	142,072	189,073
Reclassification	-	(141,004)	-	(141,004)
At 31 December 2011	-	-	2,131,076	2,131,076
At 1 January 2012	-	-	2,131,076	2,131,076
Depreciation charge for the year	-	3,294	142,070	145,364
At 31 December 2012	-	3,294	2,273,146	2,276,440
Net carrying amount				
At 31 December 2011	32,146,411	-	9,802,924	41,949,335
At 31 December 2012	28,439,229	655,210	9,660,854	38,755,293

13. Property, plant and equipment (contd.)

****Other assets**

Group	Equipment, furniture and fittings and computer RM	Motor vehicles RM	Refurbishment and renovations RM	Total RM
Cost				
At 1 January 2011	3,176,741	1,780,369	109,099	5,066,209
Additions	151,023	942,456	-	1,093,479
Disposals	-	(366,818)	-	(366,818)
Write off	(239,623)	-	-	(239,623)
Reclassification to investment properties (Note 15)	(60,891)	-	-	(60,891)
At 31 December 2011	3,027,250	2,356,007	109,099	5,492,356
At 1 January 2012	3,027,250	2,356,007	109,099	5,492,356
Additions	239,669	246,405	-	486,074
Disposals	(13,515)	(51,320)	-	(64,835)
Write off	(101,500)	(5,000)	-	(106,500)
At 31 December 2012	3,151,904	2,546,092	109,099	5,807,095
Accumulated depreciation				
At 1 January 2011	2,172,145	1,246,894	77,775	3,496,814
Depreciation charge for the year	310,771	264,007	10,682	585,460
Disposals	-	(366,813)	-	(366,813)
Write off	(239,294)	-	-	(239,294)
Reclassification to investment properties (Note 15)	(18,268)	-	-	(18,268)
At 31 December 2011	2,225,354	1,144,088	88,457	3,457,899
At 1 January 2012	2,225,354	1,144,088	88,457	3,457,899
Depreciation charge for the year	337,729	341,183	7,442	686,354
Disposals	(13,492)	(51,319)	-	(64,811)
Write off	(99,579)	(4,999)	-	(104,578)
At 31 December 2012	2,450,012	1,428,953	95,899	3,974,864

13. Property, plant and equipment (contd.)

Other assets (contd.)

	Equipment, furniture and fittings and computer RM	Motor vehicles RM	Refurbishment and renovations RM	Total RM
Group				
Net carrying amount				
At 31 December 2011	801,896	1,211,919	20,642	2,034,457
At 31 December 2012	701,892	1,117,139	13,200	1,832,231

13. Property, plant and equipment (contd.)

	Leasehold land and building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company				
Cost				
At 1 January 2011	11,934,000	190,504	338,669	12,463,173
Additions	-	5,994	144,990	150,984
Disposals	-	-	(158,841)	(158,841)
31 December 2011	11,934,000	196,498	324,818	12,455,316
At 1 January 2012	11,934,000	196,498	324,818	12,455,316
Additions	-	7,332	145,109	152,441
At 31 December 2012	11,934,000	203,830	469,927	12,607,757
Accumulated depreciation				
At 1 January 2011	1,989,004	142,944	217,349	2,349,297
Depreciation charge for the year (Note 8)	142,072	21,043	43,207	206,322
Disposals	-	-	(158,838)	(158,838)
At 31 December 2011	2,131,076	163,987	101,718	2,396,781
At 1 January 2012	2,131,076	163,987	101,718	2,396,781
Depreciation charge for the year (Note 8)	142,070	20,750	69,787	232,607
At 31 December 2012	2,273,146	184,737	171,505	2,629,388
Net carrying amount				
At 31 December 2011	9,802,924	32,511	223,100	10,058,535
At 31 December 2012	9,660,854	19,093	298,422	9,978,369

13. Property, plant and equipment (contd.)

(a) Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Motor vehicles	678,168	904,901	140,273	223,100

(b) During the year, the property, plant and equipment of the Group and of the Company were acquired by means of:

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Cash payments	23,889,760	4,039,936	52,441	50,984
Finance lease arrangements	289,742	466,600	100,000	100,000
Contra in settlement of trade receivables	-	1,878,625	-	-
	24,179,502	6,385,161	152,441	150,984

(c) Included in the property, plant and equipment of the Group and of the Company are the following costs of fully depreciated assets which are still in use:

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Other assets:				
Equipment, furniture, fittings and computer	1,012,033	1,449,360	98,378	63,392
Motor vehicles	213,787	691,105	-	-
Refurbishment and renovations	62,365	-	-	-
	1,288,185	2,140,465	98,378	63,392

(d) On 26 December 2012, a subsidiary entered into a sale and purchase agreement ("the Agreement") with Bumi Semarak Development Sdn. Bhd. ("BSDSB"), a company incorporated in Malaysia, to dispose a portion of its freehold land with carrying amount of RM4,374,276 for a total consideration of RM10,262,736.

Upon execution of the Agreement, the subsidiary received a deposit of RM1,026,274 from BSDSB.

As at reporting date, the sale of the land has yet to be completed as the terms and conditions of the Agreement have yet to be fullfilled.

14. Port facilities

Group	Leasehold port land RM	Port structure RM	Port equipment RM	Total RM
Cost				
At 1 January 2011	14,753,610	84,067,548	11,583,348	110,404,506
Additions	-	2,256,914	209,338	2,466,252
Disposals	-	-	(520,000)	(520,000)
Write off (Note 8)	-	-	(242,930)	(242,930)
At 31 December 2011	14,753,610	86,324,462	11,029,756	112,107,828
At 1 January 2012	14,753,610	86,324,462	11,029,756	112,107,828
Additions	-	397,366	622,249	1,019,615
Disposals	-	-	(124,800)	(124,800)
Write off (Note 8)	-	-	(368,103)	(368,103)
At 31 December 2012	14,753,610	86,721,828	11,159,102	112,634,540
Accumulated depreciation				
At 1 January 2011	2,147,234	13,192,032	8,619,279	23,958,545
Depreciation charge for the year (Note 8)	148,936	1,746,000	553,621	2,448,557
Disposals	-	-	(519,999)	(519,999)
Write off (Note 8)	-	-	(85,255)	(85,255)
At 31 December 2011	2,296,170	14,938,032	8,567,646	25,801,848
At 1 January 2012	2,296,170	14,938,032	8,567,646	25,801,848
Depreciation charge for the year (Note 8)	148,941	1,794,400	553,727	2,497,068
Disposals	-	-	(124,799)	(124,799)
Write off (Note 8)	-	-	(367,238)	(367,238)
At 31 December 2012	2,445,111	16,732,432	8,629,336	27,806,879
Net carrying amount				
At 31 December 2011	12,457,440	71,386,430	2,462,110	86,305,980
At 31 December 2012	12,308,499	69,989,396	2,529,766	84,827,661

14. Port facilities (contd.)

(a) Net carrying amount of port facilities held under hire purchase and finance lease arrangements are as follows:

	Group 31.12.2012 RM	Group 31.12.2011 RM
Port equipment	212,583	269,783

(b) In accordance with financing procedures under Bai Bithaman Ajil, a subsidiary has agreed to enter into an asset purchase agreement dated 22 November 2004 with a bank to sell the port structure at RM60,000,000. Subsequent to the execution of this agreement, the said subsidiary entered into an asset sale agreement dated 22 November 2004 with the bank to repurchase the port structure at RM99,937,500.

(c) During the year, additions to port facilities of the Group were acquired by means of:

	Group 31.12.2012 RM	Group 31.12.2011 RM
Cash payments	1,019,615	2,466,252

(d) Included in port facilities of the Group are the following costs of fully depreciated assets which are still in use:

	Group 31.12.2012 RM	Group 31.12.2011 RM
Port equipment	5,912,747	5,607,704

15. Investment properties

	Group 2012 RM	Group 2011 RM
Cost		
At 1 January	5,390,949	-
Additions	-	1,300,000
Reclassification from property, plant and equipment (Note 13)	-	4,090,949
At 31 December	5,390,949	5,390,949
Accumulated depreciation		
At 1 January	165,772	-
Depreciation charge for the year (Note 8)	79,089	6,500
Reclassification from property, plant and equipment (Note 13)	-	159,272
At 31 December	244,861	165,772
Net carrying amount		
At 31 December	5,146,088	5,225,177

The fair value of the investment properties as at 31 December 2012 amounted to approximately RM9,300,000 (31.12.2011 : RM8,800,000).

The fair value of investment properties have been determined based on valuation performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on the comparison method that makes reference to recent transaction value.

16. Land held for property development and property development costs

(a) Land held for property development

	Group 2012 RM	Group 2011 RM
Freehold land		
Carrying amount		
At 1 January	17,426,502	18,948,975
Transfer to property development costs	(2,768,183)	(1,522,473)
At 31 December	14,658,319	17,426,502

16. Land held for property development and property development costs (contd.)

(b) Property development costs

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
At 31 December 2012				
Cumulative property development costs				
At 1 January				
Freehold land	85,308,610	87,835,338	33,253,477	34,395,027
Leasehold land	1,527,226	30,069,065	8,640,000	-
Development costs	59,183,140	121,259,533	27,033,582	17,805,339
	146,018,976	239,163,936	68,927,059	52,200,366
Costs incurred during the year:				
Freehold land	-	30,140	-	-
Leasehold land	-	540,000	-	8,640,000
Development costs	22,452,193	16,529,578	9,597,260	9,890,618
	22,452,193	17,099,718	9,597,260	18,530,618
Reversal of costs arising from completed sale of land:				
Freehold land	(16,770,740)	(4,673,219)	-	(1,141,550)
Leasehold land	(641,969)	(10,858,700)	-	-
Development costs	(26,234,621)	(96,235,232)	-	(662,375)
	(43,647,330)	(111,767,151)	-	(1,803,925)

16. Land held for property development and property development costs (contd.)

(b) Property development costs (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cumulative costs recognised in profit or loss				
At 1 January	-	(87,937,638)	-	-
Cost recognised during the year (Note 4)	(43,647,330)	(23,829,513)	-	(1,803,925)
Reversal of costs arising from completed sale of land	43,647,330	111,767,151	-	1,803,925
At 31 December	-	-	-	-
Transfers:				
From land held for property development	2,768,183	1,522,473	-	-
From property, plant and equipment	4,201,655	-	-	-
	6,969,838	1,522,473	-	-
Property development costs at 31 December 2012	131,793,677	146,018,976	78,524,319	68,927,059

(a) Titles of certain land totalling RM24,326,304 (2011 : RM38,176,304) have yet to be issued to the subsidiaries concerned.

(b) A freehold development land with a carrying amount of RM19,516,331 (31.12.2011 : RMNil) of the Company is pledged to a financial institution as security for bank facilities granted to a subsidiary as disclosed in Note 26.

17. Investments in subsidiaries

	Company 31.12.2012 RM	Company 31.12.2011 RM
Unquoted shares, at cost		
Ordinary shares	1,602,509	1,602,509
Accumulated impairment losses	(509)	(509)
	1,602,000	1,602,000
Equity loans to subsidiaries	173,515,720	173,515,720
	175,117,720	175,117,720

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

Name of subsidiaries	Equity interest held (%) 31.12.2012	Equity interest held (%) 31.12.2011	Principal activities
Magni D'Corp Sdn. Bhd.	100	100	Property investment
PCB Development Sdn. Bhd.	100	100	Investment holding and real property development
Premium Meridian Sdn. Bhd.*	100	100	Property development and project management
Taipan Merit Sdn. Bhd.	100	100	Investment holding
Trans Bid Sdn. Bhd.	51	51	Distribution, operation and management of water supply services
Held by PCB Development Sdn. Bhd.			
PCB Trading & Manufacturing Sdn. Bhd.	100	100	Trading and manufacture of building materials
BioD Leisure and Recreation Sdn. Bhd.	100	100	Provision of transport and travel services
Held by Taipan Merit Sdn. Bhd.			
Lumut Maritime Terminal Sdn. Bhd.	50 plus 1 share	50 plus 1 share	Development of an intregated privatised project encompassing ownership and operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities

17. Investments in subsidiaries (contd.)

Name of subsidiaries	Equity interest held (%) 31.12.2012	31.12.2011	Principal activities
Held by Taipan Merit Sdn. Bhd. (contd.)			
Casuarina Hotel Management Sdn. Bhd.	79.57	79.57	Hotelier, restaurateur and property developer
Held by Lumut Maritime Terminal Sdn. Bhd.			
LMT Capital Sdn. Bhd.	100	100	Issuance and redemption of Redeemable Preference Shares. The Redeemable Preference Shares were fully redeemed in 2003. The company is currently dormant
Held by Casuarina Hotel Management Sdn. Bhd.			
Silveritage Corporation Sdn. Bhd.	100	100	Development of tourism projects
Held by Silveritage Corporation Sdn. Bhd.			
Cash Complex Sdn. Bhd.	73.91	73.91	Investment holding

* On 18 May 2012, the subsidiary increased its issued and paid up share capital from RM2 to RM500,000 by way of bonus issue of 499,998 ordinary shares of RM1 each, in the proportion of 249,999 new ordinary shares for every one (1) ordinary share held, through capitalisation of RM499,998 of its retained profits.

Equity loans to subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and not repayable on demand by the respective subsidiaries and as such, the fair value of these amounts cannot be reliably measured, and consequently, these amounts have been measured at cost and been classified as equity contribution by the Company in the respective subsidiaries.

The directors are of the opinion that the fair values of the subsidiaries are not less than their carrying values as at 31 December 2012 and 2011. The Company and its ultimate holding corporation will continue to assist in the development of the projects undertaken by the respective subsidiaries as and when required.

18. Other investments

	Group 31.12.2012 RM	Group 31.12.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM
Non-current				
Available-for-sale financial assets:				
- Quoted shares in Malaysia *	29,732,100	28,001,687	-	-
At cost:				
Unquoted shares in Malaysia	25,000	25,000	25,000	25,000
Less: Accumulated impairment losses	(9,360)	(8,659)	(9,360)	(8,659)
	15,640	16,341	15,640	16,341
	29,747,740	28,018,028	15,640	16,341

* Certain quoted shares with carrying amount of RM27,800,000 (31.12.2011 : RM26,600,000) are pledged as security for bank facilities granted to a subsidiary as disclosed in Note 26.

Subsequent to reporting date, a subsidiary, as a nominated appointee to the Company, accepted the transfer of 25,300,543 ordinary shares of RM1 each in Integrax Berhad ("Integrax"), representing an 8.41% equity interest in Integrax, for a total consideration of RM40,480,869 arising from the settlement of debt between the Company and Perak Equity Sdn. Bhd.. Upon completion on 27 February 2013, the subsidiary holds total of 46,690,543 ordinary shares, representing a 15.74% equity interest in Integrax. Further details are disclosed in Note 38(e).

19. Intangible assets

	Group 2012 RM	Group 2011 RM
Goodwill		
Cost		
At 1 January and at 31 December	23,829,682	23,829,682
Accumulated impairment losses		
At 1 January and at 31 December	18,679	18,679
Net carrying amount		
At 31 December	23,811,003	23,811,003

The carrying amount of goodwill is attributable to the acquisition of Lumut Maritime Terminal Sdn. Bhd. ("LMTSB"), which is a 50% + one share owned subsidiary of Taipan Merit Sdn. Bhd. which in turn is a wholly owned subsidiary of the Company. The principal activities of LMTSB are described in Note 17.

19. Intangible assets (contd.)

The annual impairment test of goodwill was based on its recoverable amount. The recoverable amount is determined based on value-in-use which was assessed by management using the estimated future net operating cashflows of the various strategic business units within LMTSB with an annual growth rate of 0% discounted at 13% annually to their present value covering a period of 5 years.

There is no impairment of goodwill as at reporting date as the value-in-use was in excess of its carrying amount.

20. Inventories

	Group	
	31.12.2012	31.12.2011
	RM	RM
At cost:		
Completed properties	1,733,919	316,759
Tools and spares	4,597,322	4,943,513
	6,331,241	5,260,272

21. Trade and other receivables

	Group		Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	46,497,101	37,611,997	-	1,360,100
Amounts due from related parties:				
Ultimate holding corporation	-	2,000,000	-	-
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	12,889,442	12,997,661	-	-
	59,386,543	52,609,658	-	1,360,100
Less:				
Allowance for impairment				
Third parties	(4,487,496)	(1,308,996)	-	-
Trade receivables, net	54,899,047	51,300,662	-	1,360,100

21. Trade and other receivables (contd.)

	Group 31.12.2012 RM	Group 31.12.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM
Current				
Other receivables				
Amounts due from related parties:				
Ultimate holding corporation	20,365,528	5,023,424	235,884	183,717
Subsidiaries	-	-	11,117,636	27,314,169
Fellow subsidiaries of ultimate holding corporation	110,017,261	108,724,217	108,722,432	106,148,850
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	121,109	67,042	-	-
	130,503,898	113,814,683	120,075,952	133,646,736
Deposits	929,918	65,028	250	250
Others	262,459	890,178	102,197	-
	131,696,275	114,769,889	120,178,399	133,646,986
Less:				
Allowance for impairment				
- Amount due from a subsidiary	-	-	(48,028)	(48,028)
	131,696,275	114,769,889	120,130,371	133,598,958
Total trade and other receivables	186,595,322	166,070,551	120,130,371	134,959,058
Add: Cash and bank balances (Note 23)	184,950,094	146,713,619	21,060,355	10,124,923
Total loans and receivables	371,545,416	312,784,170	141,190,726	145,083,981

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. Other credit terms are assessed and approved on a case-by-case basis. They are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

21. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group	
	31.12.2012	**31.12.2011**
	RM	**RM**
Neither past due nor impaired	32,615,184	42,815,616
1 to 30 days past due not impaired	7,053,682	126,875
31 to 60 days past due not impaired	3,477,549	782,857
61 to 90 days past due not impaired	962,533	569,243
91 to 120 days past due not impaired	2,520,989	346,137
More than 121 days past due not impaired	8,269,110	6,659,934
	22,283,863	8,485,046
Impaired	4,487,496	1,308,996
	59,386,543	52,609,658

Receivables that are neither past due nor impaired

Included in trade receivables that are neither past due nor impaired are amounts totalling RM17,147,263 (31.12.2011 : RM27,492,199) representing amounts receivable from land sales debtors in which these amounts are deemed collectible as the land titles are secured under the subsidiary's name and will only be transferred to the purchasers upon full settlement of the consideration. In the event that the purchaser defaults on the payments, it will be lawful under the Sale and Purchase Agreement ("Agreement") for the subsidiary to annul the sale of land and terminate the Agreement. The amounts paid up to 15% will be forfeited and the subsidiary is entitled to resell the land.

Included in trade receivables of the Group are amounts totalling RM6,743,680 (31.12.2011 : RM4,606,675) payable by means of contra for works to be performed as negotiated by a subsidiary.

The remaining balances in trade receivables that are neither past due nor impaired are customers with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Included in trade receivables that are past due but not impaired are:

(a) amounts due from a related party of a subsidiary amounting to RM5,697,284 (31.12.2011 : RM273,414) arising from trade sales made in the ordinary course of business for which consistent payments are received from this debtor;

21. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired (contd.)

Included in trade receivables that are past due but not impaired are (contd.):

(b) amounts due from related parties of a subsidiary amounting to RM4,887 (31.12.2011 : RM4,887) which have been long outstanding and unsecured in nature. The directors are of the opinion that these amounts are fully recoverable;

(c) amounts due from land sales debtors amounting to RM13,313,495 (31.12.2011 : RM1,417,829). These amounts are deemed collectible as the land titles will only be transferred to the respective buyers upon their full payments being received;

(d) amount due from ultimate holding corporation of RM2,000,000 in the previous year which was secured by bank guarantee;

(e) amount due from a land sale debtors of RM1,360,100 in the previous year which was settled by way of contra for works performed; and

(f) the remaining balances of trade receivables of RM3,268,197 (31.12.2011 : RM3,428,816) are due from creditworthy debtors which normally make payments beyond the credit period given with no recent history of default.

All the trade receivables that are past due but not impaired are unsecured in nature except as disclosed above.

Receivables that are impaired

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

	Group	
	31.12.2012	**31.12.2011**
	RM	**RM**
Trade receivables - nominal amounts	4,487,496	1,308,996
Less : Allowance for impairment	(4,487,496)	(1,308,996)
	-	-

Movement in allowance accounts:

	2012	**2011**
	RM	**RM**
At 1 January	1,308,996	974,059
Charge for the year (Note 8)	3,424,726	1,059,987
Write off	(200,000)	(99,407)
Reversal of impairment loss on receivables	(46,226)	(625,643)
At 31 December	4,487,496	1,308,996

21. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Trade receivables that are determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

(b) Related party balances (current)

Amount due from ultimate holding corporation

The amount due from ultimate holding corporation included in other receivables of the Group is unsecured, non-interest bearing and is repayable on demand by way of in-kind payment and contra of contract works for value of RM19,468,319 (2011 : RM2,470,195) and RM661,352 (31.12.2011 : RM661,325) respectively. The remaining balance will be settled in cash.

The amount due from ultimate holding corporation included in other receivables of the Company is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

Amounts due from fellow subsidiaries of ultimate holding corporation

Included in the amounts due from fellow subsidiaries of the ultimate holding corporation of the Group and of the Company are advances together with accrued interests amounting to RM107,197,216 (31.12.2011 : RM104,623,134) due from Perak Equity Sdn. Bhd., ("PESB") a fellow subsidiary of its ultimate holding corporation, which are unsecured, bear interest rate of 3% (31.12.2011 : 3%) per annum and repayable on demand.

The amounts due from fellow subsidiaries of the ultimate holding corporation of the Group and of the Company have been long outstanding. Based on the information available at the date these financial statements are authorised for issue, the directors are of the opinion that these amounts are fully recoverable as the ultimate holding corporation has undertaken to provide financial support to these fellow subsidiaries to meet their payment obligations.

21. Trade and other receivables (contd.)

(b) Related party balances (current)

Amounts due from fellow subsidiaries of ultimate holding corporation (contd.)

On 28 February 2012, the Company entered into a conditional Settlement Agreement with PESB, to partially settle RM70.27 million of the total debts owing.

On 27 November 2012, the Company entered into a conditional Share Sale and Debt Settlement Agreement with PESB to settle RM40.48 million by way of set off against the PESB debt.

Further details of the above settlement agreements are disclosed in Note 38(d) and 38(e).

22. Other current assets

	Group	
	31.12.2012	**31.12.2011**
	RM	**RM**
Prepayments	254,685	206,077

23. Cash and bank balances

	Group		Company	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	54,946,645	12,714,807	3,424,096	74,923
Deposits with licensed banks	130,003,449	133,998,812	17,636,259	10,050,000
	184,950,094	146,713,619	21,060,355	10,124,923

Included in cash and bank balances of the Group is an amount of RM176,708 (31.12.2011 : RM78,383) held in trust on behalf of the charity fund initiated by its ultimate holding corporation known as "Tabung Anak Yatim Islam dan Kebajikan PKNP".

Cash deposited in the designated disbursement and proceed accounts of a subsidiary amounting to RM9,487,083 (31.12.2011 : RM8,498,283) is not available for use by the Group as these amounts are reserved for the redemption of Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") as disclosed in Note 26.

Included in the deposits with licensed banks of the Group are amounts totalling RM1,074,311 (31.12.2011 : RM307,779) pledged as securities for guarantees and other bank facilities granted to certain subsidiaries as referred to in Note 26.

23. Cash and bank balances (contd.)

The average interest rates of the deposits with licensed banks during the financial year range between 2.50% to 3.40% (31.12.2011 : 1.70% to 3.65%) per annum and the maturities of the deposits as at 31 December 2012 were between 1 day to 12 months (31.12.2011 : 1 day to 15 months).

24. Retrenchment benefits

	Group	
	2012 RM	2011 RM
At 1 January	-	820,706
Reversal of provision for retrenchment benefits (Note 8)	-	(7,417)
Retrenchment benefits paid	-	(813,289)
At 31 December	-	-

The provision for retrenchment benefits in the previous year was made in accordance with additional claims by the National Union of Hotel, Bar and Restaurants Workers.

25. Retirement benefits

	Group	
	2012 RM	2011 RM
At 1 January	257,445	221,445
Provision for retirement benefits	21,000	36,000
Reversal of provision for retirement benefits	(99,896)	-
Retirement benefits paid	(178,549)	-
At 31 December	-	257,445
Analysed as:		
Current	-	-
Non-current	-	257,445
	-	257,445

A subsidiary of the Company operated an unfunded defined benefit scheme for its eligible employees ("the Scheme"). Under the Scheme, eligible employees were entitled to retirement benefits based on 15 days pay based on the last drawn basic salary for every completed year of service on attainment of retirement age of 58.

Upon the disposal of the hotel operations in 2009, the subsidiary did not perform any valuation for the Scheme. The amount provided was mainly for the eligible remaining employees who were entitled to retirement benefits based on the said Scheme and would be retained in the financial statements until retirement of these employees.

The scheme was terminated during the year with amounts paid to the eligible remaining employees.

25. Retirement benefits (contd.)

The summary analysis of the defined benefit scheme based on actuarial valuation performed were as follows:

	Group 31.12.2012 RM	31.12.2011 RM
(i) Statement of financial position		
The amounts recognised in the statement of financial position were determined as follows:		
Present value of unfunded defined benefits obligations	-	257,445
Unrecognised actuarial losses	-	-
Unrecognised past service costs	-	-
Net liability	-	257,445
Analysed as:		
Current	-	-
Non-current	-	257,445

Movements in the present value of the defined benefit obligations over the year were as follows:

	Group 2012 RM	2011 RM
At 1 January	257,445	221,445
Current service cost	5,205	8,923
Interest cost	14,559	24,959
Past service cost	1,236	2,118
Reversal of provision	(99,896)	-
Benefits paid by the plan	(178,549)	-
At 31 December	-	257,445

(ii) Profit or loss

	Group 2012 RM	2011 RM
The amounts recognised in profit or loss were as follows:		
Current service cost	5,205	8,923
Interest cost	14,559	24,959
Past service cost recognised	1,236	2,118
(Income)/Expense recognised in profit or loss	21,000	36,000

25. Retirement benefits (contd.)

The amounts recognised in profit or loss were included in the following line items:

	Group 2012 RM	Group 2011 RM
Other operating expenses	21,000	36,000

(iii) Actuarial assumptions

The principal actuarial assumptions used for the purposes of the actuarial valuation were as follows:

	Group 31.12.2012 %	Group 31.12.2011 %
Discount rate	-	4.0
Expected rate of salary increases	-	5.0

26. Loans and borrowings

	Maturity	Group 31.12.2012 RM	Group 31.12.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM
Current					
Secured:					
Hire purchase and finance lease liabilities (Note 27)	2012	223,769	232,855	61,665	51,610
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	2012	5,000,000	5,000,000	-	-
Margin loan for share financing	On demand	-	12,000,000		
Revolving credits	On demand	12,000,000	-	-	-
		17,223,769	17,232,855	61,665	51,610
Unsecured:					
Revolving credits	On demand	60,000,000	60,000,000	60,000,000	60,000,000
		77,223,769	77,232,855	60,061,665	60,051,610

26. Loans and borrowings (contd.)

		Group		Company	
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
	Maturity	RM	RM	RM	RM
Non-current					
Secured:					
Hire purchase and finance lease liabilities (Note 27)	2013 - 2016	419,003	549,182	160,449	124,981
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	2013 - 2017	30,000,000	35,000,000	-	-
		30,419,003	35,549,182	160,449	124,981
Total borrowings					
Hire purchase and finance lease liabilities (Note 27)		642,772	782,037	222,114	176,591
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")		35,000,000	40,000,000	-	-
Margin loan for share financing		-	12,000,000	-	-
Revolving credits		72,000,000	60,000,000	60,000,000	60,000,000
		107,642,772	112,782,037	60,222,114	60,176,591
Maturity of borrowings (excluding hire purchase and finance lease and BaIDS):					
Within one year		72,000,000	72,000,000	60,000,000	60,000,000

Hire purchase and finance lease liabilities

The finance leases of the Group and of the Company bear interest at rates which range between 2.35% to 3.88% (31.12.2011 : 2.35% to 3.88%) per annum.

26. Loans and borrowings (contd.)

Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")

	Group	
	31.12.2012	**31.12.2011**
	RM	**RM**
Primary bonds	35,000,000	40,000,000
Secondary bonds	8,062,500	11,062,500
	43,062,500	51,062,500
Less: Secondary bonds	(8,062,500)	(11,062,500)
	35,000,000	40,000,000

	31.12.2012		31.12.2011	
	Primary bonds RM	**Secondary bonds RM**	**Primary bonds RM**	**Secondary bonds RM**
Maturity of BaIDS:				
Not later than 1 year	5,000,000	2,625,000	5,000,000	3,000,000
Later than 1 year and not later than 5 years	30,000,000	5,437,500	35,000,000	8,062,500
	35,000,000	8,062,500	40,000,000	11,062,500

Pursuant to the financing procedure under the Syariah principle of Bai Bithaman Ajil, a subsidiary has entered into an asset sale and re-purchase agreement on 22 November 2004 under which a bank has agreed to grant the subsidiary the BaIDS facility with an aggregate face value of RM60 million. The BaIDS are constituted by a Trust Deed dated 22 November 2004 between the subsidiary and the Trustee for the holders of the BaIDS.

The BaIDS are of negotiable value, non-interest bearing secured Primary Bonds together with non-detachable Secondary Bonds. The Primary Bonds were issued in 10 series, with maturities between 2007 to 2017.

Each series of BaIDS comprises Primary BaIDS with a face value of between RM5 million and RM10 million each, to which shall be attached an appropriate number of Secondary Bonds, the face value of which represents the semi-annual profit of the bonds. The Secondary Bonds are redeemable every 6 months commencing from the issue date and the last of which shall be payable on the maturity date. The face value of the Secondary Bonds are computed based on the profit rate of 7.5% per annum.

26. Loans and borrowings (contd.)

Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (contd.)

The BaIDS are secured by way of:

(i) an assignment of the subsidiary's rights under the operations and maintenance agreements ("OMA") with Lekir Bulk Terminal Sdn. Bhd. ("LBT");

(ii) a charge over a Designated Account of the subsidiary into which only the Fixed Project Consideration received from LBT under the OMA will be paid; and

(iii) a Power of Attorney from the subsidiary for the appointment by the security trustee for the BaIDS, of a competent port operator as a sub-contractor of the subsidiary to fulfill its responsibilities in the event of non-performance by the subsidiary under the OMA.

The major covenants of the BaIDS are as follows:

Positive Covenants

The subsidiary shall:

(i) maintain a debt to equity ratio of not exceeding 70:30;

(ii) maintain all insurance necessary for its business as required under the OMA;

(iii) cause and ensure that the current shareholders remain unchanged unless with the prior consent of the Trustee; and

(iv) perform and carry out all and any of its obligations under the OMA.

Negative Covenants

The subsidiary shall not without the prior written consent of the Trustee:

(i) reduce its authorised and/or issued ordinary shares save and except for redemption of preference share capital and any decrease in its issued capital resulting from purchases of its own shares;

(ii) incur, assume, guarantee or permit to exist any debt that will in aggregate exceed its Debt to Equity Ratio of 70:30;

26. Loans and borrowings (contd.)

Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (contd.)

(iii) save for the Leasehold Industrial Land, dispose of any such assets which will materially and adversely affect its business operations;

(iv) amend the OMA so as to affect the Fixed Project Consideration; and

(v) declare, pay dividends or make any distribution to equity investors or payment on any subordinated debt if an event default has occurred or the proceeds accounts is at any time less than the profit and principal payment due within the next six months.

Margin loan for share financing

The margin loan for share financing in the previous year bore interest at 9% per annum and was secured by way of quoted shares held by a subsidiary and ultimate holding corporation. The amount was fully settled during the financial year.

Revolving credits (secured)

The revolving credits for share financing bear interest at 4.88% (31.12.2011 : Nil) per annum and are secured by way of :

a) Third party first fixed legal charge over a piece of leasehold land of the Company as disclosed in Note 16;
b) Quoted shares of a subsidiary as disclosed in Note 18;
c) Deposits with licensed banks of a subsidiary as disclosed in Note 23; and
d) Corporate guarantee of the Company.

Revolving credits (unsecured)

The revolving credits of the Group and of the Company bear interest at 5.9% (31.12.2011 : 5.9%) per annum.

Interest on revolving credits is subject to floating interest rates which is repriced annually.

27. Hire purchase and finance lease commitments

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Minimum lease payments:				
Not later than 1 year	263,221	276,480	72,676	60,888
Later than 1 year and not later than 5 years	453,095	605,476	174,588	136,424
	716,316	881,956	247,264	197,312
Less: Finance charges	(73,544)	(99,919)	(25,150)	(20,721)
	642,772	782,037	222,114	176,591
Present value of payments:				
Amount due within 12 months (Note 26)	223,769	232,855	61,665	51,610
Amount due after 12 months (Note 26)	419,003	549,182	160,449	124,981
	642,772	782,037	222,114	176,591

28. Trade and other payables

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Non-current				
Other payables				
Amount due to related party:				
Ultimate holding corporation	4,912,485	-	-	-
Current				
Trade payables				
Third parties	3,263,600	2,768,553	-	-
Amount due from related parties:				
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	333,000	216,000	-	-
	3,596,600	2,984,553	-	-

28. Trade and other payables (contd.)

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Other payables				
Subsidiary	-	-	565,409	-
Amounts due to related parties:				
Ultimate holding corporation	632,369	696,337	-	-
Fellow subsidiary of ultimate holding corporation	31,461	-	-	-
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	20	8,859,663	-	-
	663,850	9,556,000	565,409	-
Deposits received	354,293	1,722,072	214,288	214,288
Advances from purchasers	22,116,503	2,107,999	-	-
Tender deposits received from contractors	219,537	199,848	-	-
Accruals	6,405,830	4,886,473	1,769,729	1,468,753
Accruals for development expenditure	13,029,480	-	-	-
Amount payable for the purchase of land	-	5,776,916	-	-
Sundry payables	7,571,955	5,348,447	-	-
	50,361,448	29,597,755	2,549,426	1,683,041
	53,958,048	32,582,308	2,549,426	1,683,041
Total trade and other payables	58,870,533	32,582,308	2,549,426	1,683,041
Add: Loans and borrowings (Note 26)	107,642,772	112,782,037	60,222,114	60,176,591
Total financial liabilities carried at amortised cost	166,513,305	145,364,345	62,771,540	61,859,632

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within 7 to 90 days.

(b) Other payables

Included in sundry payables of the Group is an amount of RM1,011,161 (31.12.2011 : RM1,011,161) representing the balance of amount due arising from the acquisition of certain properties.

28. Trade and other payables (contd.)

(c) Amounts due to related parties (current)

The amounts due to related parties of the Group and of the Company are unsecured, non-interest bearing and are repayable on demand.

Included in the amount are the Funds for Operations and Maintenance (O&M) of the Group amounting to RM20 (31.12.2011 : RM8,850,663) which represents advances from Lekir Bulk Terminal Sdn. Bhd. ("LBT") to a subsidiary for the purpose of procuring parts/tools and equipment as stipulated under Clause 6.7 of the Operations and Maintenance Agreement dated 30 June 2000 between the subsidiary and LBT.

(d) Amount due to related party (non-current)

The amount due to ultimate holding corporation is unsecured, bears administrative fee at a rate of 3% (31.12.2011 : RMNil) per annum and is repayable within a period of five years.

29. Deferred tax

Deferred income tax as at 31 December relates to the following:

Group

	At 1 January 2011 RM	Recognised in profit or loss RM	At 31 December 2011 RM	Recognised in profit or loss RM	As at 31 December 2012 RM
Deferred tax liabilities:					
Property, plant and equipment and port facilties	5,626,164	221,078	5,847,242	374,568	6,221,810
Deferred tax assets:					
Other provisions	(286,000)	8,751	(277,249)	(835,874)	(1,113,123)
	5,340,164	229,829	5,569,993	(461,306)	5,108,687

29. Deferred tax (contd.)

	Group 31.12.2012 RM	Group 31.12.2011 RM
Deferred tax assets	(1,113,123)	(277,249)
Deferred tax liabilities	6,221,810	5,847,242
	5,108,687	5,569,993

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

	Group 31.12.2012 RM	Group 31.12.2011 RM
Unutilised business losses	230	956,343
Unabsorbed capital allowances	329,816	325,154
Other deductible temporary differences	265,561	226,057
	595,607	1,507,554
Potential deferred tax benefits @ 25%	148,902	376,889

30. Share capital

	Number of ordinary shares of RM1 each		Amount	
	31.12.2012	31.12.2011	31.12.2012 RM	31.12.2011 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	100,000,000	100,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

31. Share premium

The share premium account may be applied in paying up unissued shares as fully paid bonus shares.

32. Fair value adjustment reserve

	Group	
	2012 RM	2011 RM
At 1 January	(3,449,971)	2,953,800
Available-for-sale financial assets:		
- gain/(loss) on fair value changes	1,273,948	(6,403,771)
At 31 December	(2,176,023)	(3,449,971)

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

33. Retained earnings

As at 31 December 2012, the Company has tax exempt profits available for distribution as tax exempt dividends of approximately RM1,134,000 (2011 : RM1,134,000).

Prior to year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007.

As at 31 December 2012, the Company has sufficient credit in the 108 balance and balance in the tax exempt income account to pay dividends amounting to approximately RM19,642,000 (31.12.2011 : RM21,892,000) out of its retained earnings. The Company may distribute the balance of the retained earnings of approximately RM50,064,000 (31.12.2011 : RM43,069,000) as dividends under the single tier system.

34. Dividend

	Group and Company				
	Dividend in respect of Year			Dividends Recognised in Year	
	2012 RM	2011 RM	2010 RM	2012 RM	2011 RM
Recognised as at 31 December					
Final dividend for 2011: 3.0% less 25% taxation (2010 : 2.5% less 25% taxation) on 100,000,000 ordinary shares	-	2,250,000	1,875,000	2,250,000	1,875,000
Not recognised as at 31 December Proposed for approval at AGM					
Final dividend for 2012:					
8.5% per share less 25% taxation, on 100,000,000 ordinary shares	6,375,000	-	-	-	-
Tax exempt of 1.1 sen per share, on 100,000,000 ordinary shares	1,100,000	-	-	-	-
	7,475,000	2,250,000	1,875,000	2,250,000	1,875,000

At the forthcoming Annual General Meeting ("AGM"), the final dividends for 2012 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2013.

35. Related party disclosures

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Transactions with the ultimate holding corporation				
Advances received	4,900,000	115,254	-	-
Administrative fee	12,485	-	-	-
Management fee expense	800,000	800,000	800,000	800,000
Project expenditure	800,000	800,000	800,000	800,000
Rental payable	351,782	258,895	351,782	258,895
Project management income	(90,478)	(23,600)	-	-
Rental income	(2,023,549)	(2,023,549)	(2,023,549)	(2,023,549)
Transfer of debts	16,998,097	-	-	-
Purchase of land	-	540,000	-	-
Repayment of advances	2,489,132	231,421	19,600	100,953
Transactions with subsidiaries				
Repayment of advances	-	-	18,502,360	963,677
Advances paid	-	-	(8,706,409)	(1,177,700)
Accounting fees	-	-	-	(11,492)
Management fee income	-	-	(132,000)	(132,000)
Contra payments with progress claims	-	-	(1,360,100)	(2,839,900)
Contra of lands for settlement of debts	-	-	-	8,640,000
Recharge of property development cost	-	-	7,892,681	7,468,217
Transactions with fellow subsidiaries of the ultimate holding corporation				
Interest income	(954,022)	(910,136)	(954,022)	(910,136)
Advances paid	(3,379,007)	(5,018,963)	(3,216,507)	(3,112,122)
Management fees	(360,000)	(360,000)	-	-
Repayment of advances	4,936,658	3,303,805	1,596,447	3,298,805
Rental expenses	(31,461)	-	-	-

35. Related party disclosures (contd.)

Transactions with related parties

Companies in which a director of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., Amin bin Halim Rasip has substantial interests:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Fixed monthly charges	108,000	108,000	-	-
Port services receivable	(32,731,674)	(30,035,062)	-	-
Waiver of debts	-	(50,000)	-	-

Account balances with significant related parties of the Group and of the Company at year end are as follows:

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Account balances with the ultimate holding corporation				
Receivables	20,365,528	7,023,424	235,884	183,717
Payables	(632,369)	(696,337)	-	-
Account balances with subsidiaries				
Receivables (including equity loans)	-	-	184,633,356	200,829,889
Account balances with fellow subsidiaries of ultimate holding corporation				
Receivables	110,017,261	108,724,217	108,722,432	106,148,850
Payables	(31,461)	-	-	-

35. Related party disclosures (contd.)

	Group 31.12.2012 RM	Group 31.12.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM
Companies in which a director of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., Amin bin Halim Rasip has substantial interests:				
Receivables	13,010,551	13,064,703	-	-
Payables	(333,020)	(9,075,663)	-	-

The remuneration of directors and other members of key management during the year was as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Salaries and allowances	2,809,915	1,916,220	668,630	567,531

Included in the total remuneration of key management personnel are:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Directors' remuneration	388,550	294,400	258,550	174,400