



**PERAK CORPORATION BERHAD
(210915-U)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial
Statements
31 December 2013**

210915-U

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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**Perak Corporation Berhad
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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 2013.

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	<u>44,314,191</u>	<u>534,837</u>
Profit attributable to:		
Owners of the Company	26,473,433	534,837
Non-controlling interests	<u>17,840,758</u>	-
	<u>44,314,191</u>	<u>534,837</u>

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

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

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Dividends

The amount of dividend paid by the Company since 31 December 2012 was as follows:

	RM
In respect of the financial year ended 31 December 2012 as reported in the directors' report of that year:	
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	<u>1,100,000</u>
	<u>7,475,000</u>

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

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

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.

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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 34 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:

The Company	Number of ordinary shares of RM1 each			
	1 January 2013	Bought	Sold	31 December 2013
Tuan Haji Ab Rahman Bin Mohammed - indirect*	5,000	1,000	-	6,000
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 there were no known bad debts 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.

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Other statutory information (contd.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any 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 37 to the financial statements.

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Subsequent events

Details of subsequent events are disclosed in Note 42 to the financial statements.

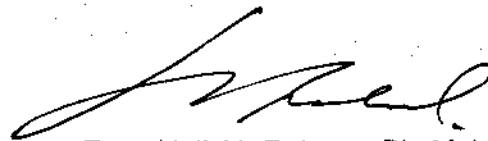
Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2014.



Dato' Nasarudin Bin Hashim



Tuan Haji Ab Rahman Bin Mohammed

Ipoh, Perak Darul Ridzuan, Malaysia

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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 134 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 2013 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 135 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 29 April 2014.



Dato' Nasarudin Bin Hashim

Ipoh, Perak Darul Ridzuan, Malaysia



Tuan Haji Ab Rahman Bin
Mohammed

Statutory declaration

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


I, Rozahan Bin Osman, 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 135 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.

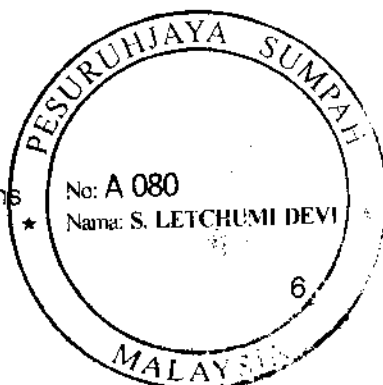
Subscribed and solemnly declared
by the abovenamed Rozahan Bin Osman
at Ipoh in the State of Perak Darul Ridzuan
on 29 April 2014.



Rozahan Bin Osman

Before me,


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



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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 2013 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 134.

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 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 2013 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' report 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

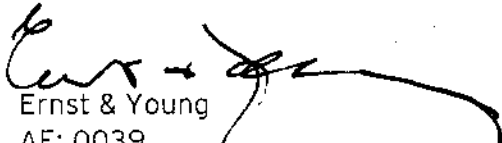
The supplementary information set out in Note 44 on page 135 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and 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.

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

Other matters

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



Ernst & Young
AF: 0039
Chartered Accountants



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

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 29 April 2014

Perak Corporation Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	3	133,986,548	157,383,001	5,941,549	12,190,549
Cost of sales	4	(46,565,881)	(58,178,459)	-	-
Gross profit		<u>87,420,667</u>	<u>99,204,542</u>	<u>5,941,549</u>	<u>12,190,549</u>
Other items of income					
Interest income	5	5,721,125	5,928,828	1,493,563	1,447,103
Other income	6	2,744,245	4,034,865	5,020	2,217
Other items of expense					
Administrative expenses		(27,511,175)	(26,761,624)	(3,304,964)	(1,798,286)
Finance costs	7	(3,561,179)	(4,052,007)	(12,858)	(10,232)
Other expenses		(5,184,600)	(2,458,284)	(3,108,808)	(2,203,222)
Share of loss of associate		(5,286)	-	-	-
Profit before tax	8	<u>59,623,797</u>	<u>75,896,320</u>	<u>1,013,502</u>	<u>9,628,129</u>
Income tax expense	11	(15,309,606)	(19,302,966)	(478,665)	(2,633,030)
Profit net of tax		<u>44,314,191</u>	<u>56,593,354</u>	<u>534,837</u>	<u>6,995,099</u>
Other comprehensive income:					
Items that will be reclassified to profit and loss in the future:					
Net gain on available -for-sale financial assets					
- Gain on fair value changes		26,839,535	1,273,948	-	-
Total comprehensive income for the year		<u>71,153,726</u>	<u>57,867,302</u>	<u>534,837</u>	<u>6,995,099</u>

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**Perak Corporation Berhad
(Incorporated in Malaysia)**

**Statements of comprehensive income
For the financial year ended 31 December 2013 (contd.)**

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Profit attributable to:					
Owners of the Company		26,473,433	38,056,022	534,837	6,995,099
Non-controlling interests		17,840,758	18,537,332	-	-
		<u>44,314,191</u>	<u>56,593,354</u>	<u>534,837</u>	<u>6,995,099</u>
Total comprehensive income attributable to:					
Owners of the Company		53,312,968	39,329,970	534,837	6,995,099
Non-controlling interests		17,840,758	18,537,332	-	-
		<u>71,153,726</u>	<u>57,867,302</u>	<u>534,837</u>	<u>6,995,099</u>
Earnings per share attributable to owners of the Company (sen per share):					
Basic	12	<u>26.47</u>	<u>38.06</u>		
Diluted	12	<u>26.47</u>	<u>38.06</u>		

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 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Assets					
Non-current assets					
Property, plant and equipment	13	109,528,272	67,255,044	10,951,045	9,978,369
Port facilities	14	86,538,751	84,827,661	-	-
Investment properties	15	5,066,997	5,146,088	-	-
Land held for property development	16	14,658,319	14,658,319	-	-
Investments in subsidiaries	17	-	-	175,117,720	175,117,720
Investment in associate	18	7,344,714	-	-	-
Other investments	19	98,022,201	29,747,740	25,000	15,640
Intangible assets	20	23,811,003	23,811,003	-	-
		<u>344,970,257</u>	<u>225,445,855</u>	<u>186,093,765</u>	<u>185,111,729</u>
Current assets					
Property development costs	16	134,307,232	131,793,677	80,575,546	78,524,319
Inventories	21	7,946,047	6,331,241	-	-
Trade and other receivables	22	121,466,789	186,595,322	130,648,811	120,130,371
Other current assets	23	205,602	254,685	-	-
Tax recoverable		2,374,618	1,530,777	274,792	421,989
Cash and bank balances	24	158,618,895	184,950,094	9,591,583	21,060,355
		<u>424,919,183</u>	<u>511,455,796</u>	<u>221,090,732</u>	<u>220,137,034</u>
Total assets		<u>769,889,440</u>	<u>736,901,651</u>	<u>407,184,497</u>	<u>405,248,763</u>

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Perak Corporation Berhad
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Statements of financial position
As at 31 December 2013 (contd.)

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Equity and liabilities					
Current liabilities					
Loans and borrowings	25	77,169,572	77,223,769	60,054,709	60,061,665
Trade and other payables	27	55,227,659	53,958,048	11,414,127	2,549,426
Tax payable		1,331,739	4,245,831	-	-
		<u>133,728,970</u>	<u>135,427,648</u>	<u>71,468,836</u>	<u>62,611,091</u>
Net current assets		<u>291,190,213</u>	<u>376,028,148</u>	<u>149,621,896</u>	<u>157,525,943</u>
Non-current liabilities					
Trade and other payables	27	5,059,485	4,912,485	-	-
Loans and borrowings	25	25,246,332	30,419,003	138,814	160,449
Deferred tax liabilities	28	6,142,099	5,108,687	39,787	-
		<u>36,447,916</u>	<u>40,440,175</u>	<u>178,601</u>	<u>160,449</u>
Total liabilities		<u>170,176,886</u>	<u>175,867,823</u>	<u>71,647,437</u>	<u>62,771,540</u>
Net assets		<u>599,712,554</u>	<u>561,033,828</u>	<u>335,537,060</u>	<u>342,477,223</u>

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**Perak Corporation Berhad
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**Statements of financial position
As at 31 December 2013 (contd.)**

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Equity attributable to owners of the Company					
Share capital	29	100,000,000	100,000,000	100,000,000	100,000,000
Share premium	30	172,770,440	172,770,440	172,770,440	172,770,440
Fair value adjustment reserve	31	24,663,512	(2,176,023)	-	-
Retained earnings	32	216,846,612	197,848,179	62,766,620	69,706,783
		<u>514,280,564</u>	<u>468,442,596</u>	<u>335,537,060</u>	<u>342,477,223</u>
Non-controlling interests		85,431,990	92,591,232	-	-
Total equity		<u>599,712,554</u>	<u>561,033,828</u>	<u>335,537,060</u>	<u>342,477,223</u>
Total equity and liabilities		<u>769,889,440</u>	<u>736,901,651</u>	<u>407,184,497</u>	<u>405,248,763</u>

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 changes in equity
For the financial year ended 31 December 2013

2013 Group	Note	----- Attributable to owners of the Company -----						Non- controlling interests RM
		Equity total RM	Equity attributable to owners of the Company total RM	Non distributable		Distributable	Non distributable	
				Share capital RM	Share premium RM	Retained earnings RM	Fair value adjustment reserve RM	
At 1 January 2013		561,033,828	468,442,596	100,000,000	172,770,440	197,848,179	(2,176,023)	92,591,232
Total comprehensive income		71,153,726	53,312,968	-	-	26,473,433	26,839,535	17,840,758
Dividend paid by a subsidiary to a non-controlling interest		(25,000,000)	-	-	-	-	-	(25,000,000)
Transactions with owners Dividend	33	(7,475,000)	(7,475,000)	-	-	(7,475,000)	-	-
At 31 December 2013		599,712,554	514,280,564	100,000,000	172,770,440	216,846,612	24,663,512	85,431,990

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Perak Corporation Berhad
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Statements of changes in equity
For the financial year ended 31 December 2013 (contd.)

2012 Group	Note	----- Attributable to owners of the Company -----						Non- controlling interests RM
		Equity total RM	Equity attributable to owners of the Company total RM	Non distributable Share capital RM	Non distributable Share premium RM	Distributable Retained earnings RM	Non distributable Fair value adjustment reserve 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 interest		(14,999,999)	-	-	-	-	-	(14,999,999)
Transactions with owners								
Dividend	33	(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 2013 (contd.)

Company	Note	Non			Distributable Retained earnings RM
		Equity total RM	Share capital RM	Share premium RM	
At 1 January 2013		342,477,223	100,000,000	172,770,440	69,706,783
Total comprehensive income		534,837	-	-	534,837
Transactions with owners					
Dividend	33	(7,475,000)	-	-	(7,475,000)
At 31 December 2013		335,537,060	100,000,000	172,770,440	62,766,620
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	33	(2,250,000)	-	-	(2,250,000)
At 31 December 2012		342,477,223	100,000,000	172,770,440	69,706,783

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 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Operating activities				
Profit before tax	59,623,797	75,896,320	1,013,502	9,628,129
<u>Adjustments for:</u>				
Allowance for impairment loss				
- trade receivables	1,200,000	3,424,726	-	-
- other investment	-	701	-	701
Depreciation				
- property, plant and equipment	1,448,473	831,718	284,135	232,607
- port facilities	2,674,459	2,497,068	-	-
- investment properties	79,091	79,089	-	-
Dividend income				
- subsidiary	-	-	(3,750,000)	(9,999,000)
- other investment	(2,130,374)	(874,112)	-	-
Interest expenses	3,561,179	4,052,007	12,858	10,232
Interest income	(5,721,125)	(5,928,828)	(1,493,563)	(1,447,103)
Loss/(Gain) on disposal of				
- property, plant and equipment	106,976	(4,099)	84,254	-
- port facilities	-	(7,999)	-	-
Property, plant and equipment written off	332	1,922	-	-
Port facilities written off	-	865	-	-
Provision for retirement benefits	-	21,000	-	-
Reversal of allowance for impairment loss				
- trade receivables	(44,737)	(46,226)	-	-
- other investment	(9,360)	-	(9,360)	-
Reversal of provision for retirement benefits no longer required	-	(99,896)	-	-
Share of loss of associate	5,286	-	-	-
Waiver of debts	(20,956)	(2,147,278)	-	-
Total adjustments	1,149,244	1,800,658	(4,871,676)	(11,202,563)

Perak Corporation Berhad
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Statements of cash flows
For the financial year ended 31 December 2013 (contd.)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Operating cash flows before changes in working capital	60,773,041	77,696,978	(3,858,174)	(1,574,434)
Changes in working capital:				
Property development costs	(2,513,555)	14,225,299	(2,051,227)	(9,597,260)
Inventories	(1,614,806)	(1,070,969)	-	-
Payables	(3,882,104)	28,435,503	8,864,701	866,385
Receivables	(693,639)	(14,639,656)	(9,501,778)	15,914,196
Other current assets	49,083	(48,608)	-	-
Total changes in working capital	(8,655,021)	26,901,569	(2,688,304)	7,183,321
Cash flows from/(used in) operations	52,118,020	104,598,547	(6,546,478)	5,608,887
Retirement benefits paid	-	(178,549)	-	-
Taxes paid	(18,185,651)	(19,948,753)	(291,674)	(351,899)
Net cash flows from/(used in) operating activities	33,932,369	84,471,245	(6,838,152)	5,256,988
Investing activities				
Dividends received	2,130,374	874,112	3,750,000	7,684,000
Interest received	5,312,562	4,975,848	408,563	361,595
Proceeds from disposal of				
- property, plant and equipment	32,000	4,123	10,000	-
- port facilities	-	8,000	-	-
Purchase of investment in associate	(7,350,000)	-	-	-
Purchase of other investments	-	(456,465)	-	-
Purchase of port facilities	(4,385,549)	(1,019,615)	-	-
Purchase of property, plant and equipment	(14,639,908)	(23,889,760)	(1,251,065)	(52,441)
Net cash flows (used in)/from investing activities	(18,900,521)	(19,503,757)	2,917,498	7,993,154

Perak Corporation Berhad
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Statements of cash flows
For the financial year ended 31 December 2013 (contd.)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Financing activities				
Dividend paid	(7,475,000)	(2,250,000)	(7,475,000)	(2,250,000)
Dividend paid to non-controlling interests	(25,000,000)	(14,999,999)	-	-
Interest paid	(3,561,179)	(4,052,007)	(12,858)	(10,232)
Placement of bank balances pledged	(1,872,546)	(988,800)	-	-
Placement of deposits pledged	(203,222)	(766,532)	-	-
Uplift/(Placement) of deposits with maturity period more than three months	8,016,765	(38,316,765)	-	-
Drawdown from revolving credit for share financing	-	12,000,000	-	-
Repayment of				
- hire purchase and lease financing	(326,868)	(429,007)	(60,260)	(54,478)
- BalDs	(5,000,000)	(5,000,000)	-	-
- Margin loan for share financing	-	(12,000,000)	-	-
Net cash flows used in financing activities	<u>(35,422,050)</u>	<u>(66,803,110)</u>	<u>(7,548,118)</u>	<u>(2,314,710)</u>
Net (decrease)/increase in cash and cash equivalents	(20,390,202)	(1,835,622)	(11,468,772)	10,935,432
Cash and cash equivalents at 1 January	<u>136,071,935</u>	<u>137,907,557</u>	<u>21,060,355</u>	<u>10,124,923</u>
Cash and cash equivalents at 31 December	<u>115,681,733</u>	<u>136,071,935</u>	<u>9,591,583</u>	<u>21,060,355</u>
Cash and cash equivalents comprise:				
Cash and bank balances	18,017,189	54,946,645	613,218	3,424,096
Deposits with licensed banks	140,601,706	130,003,449	8,978,365	17,636,259
	<u>158,618,895</u>	<u>184,950,094</u>	<u>9,591,583</u>	<u>21,060,355</u>
Bank balances pledged	(11,359,629)	(9,487,083)	-	-
Deposits with licensed banks with maturity period more than three months	(30,300,000)	(38,316,765)	-	-
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(1,277,533)	(1,074,311)	-	-
	<u>115,681,733</u>	<u>136,071,935</u>	<u>9,591,583</u>	<u>21,060,355</u>

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

**Perak Corporation Berhad
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**Notes to the financial statements
For the financial year ended 31 December 2013**

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 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.

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

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

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.2 Changes in accounting policies

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

On 1 January 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after the dates stated below:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of items of Other Comprehensive Income	1 July 2012
MFRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 127: Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
MFRS 10: Consolidated Financial Statements	1 January 2013
MFRS 11: Joint Arrangements	1 January 2013
MFRS 12: Disclosure of Interests of Other Entities	1 January 2013
MFRS 13: Fair Value Measurement	1 January 2013
MFRS 119: Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127: Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128: Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

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

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.

The application of MFRS 10 has not affected the amounts reported in the Group's consolidated financial statements.

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.

**Perak Corporation Berhad
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2. Significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

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 measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to MFRS 101 - Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

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.

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

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

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. 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 March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion.

The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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 for like transactions and events in similar circumstances.

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

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

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

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

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

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

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

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

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

Business combinations

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

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

**Perak Corporation Berhad
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2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

Business combinations (contd.)

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

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

(b) Subsidiaries

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

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

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

**Perak Corporation Berhad
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2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(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 in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

An associate is equity accounted for from the date on which the investee becomes an associate.

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

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associate 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.

**Perak Corporation Berhad
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2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(d) Associates (contd.)

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investment in associate is accounted for 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.

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(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%

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(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.

(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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(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.

(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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

**Perak Corporation Berhad
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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.

Perak Corporation Berhad
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2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(I) 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 Group 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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(I) 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.

**Perak Corporation Berhad
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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.

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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.

**Perak Corporation Berhad
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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.

**Perak Corporation Berhad
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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.

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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) 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.

**Perak Corporation Berhad
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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).

**Perak Corporation Berhad
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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.

**Perak Corporation Berhad
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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).

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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.

**Perak Corporation Berhad
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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.

**Perak Corporation Berhad
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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 41, 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.

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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.

**Perak Corporation Berhad
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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 20% 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 2013 and 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.

**Perak Corporation Berhad
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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 2013 was RM23,811,003 (2012 : RM23,811,003). Further details are disclosed in Note 20.

(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.

**Perak Corporation Berhad
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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 unutilised business losses and unabsorbed capital allowances of the Group was RM270,850 (2012 : RM330,048). Further details are disclosed in Note 28.

(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 22.

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3. Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income				
- subsidiary	-	-	3,750,000	9,999,000
- other investment	2,130,374	874,112	-	-
Sales of land	43,446,099	77,313,413	-	-
Sales of completed properties	-	125,000	-	-
Management fees	-	-	132,000	132,000
Port services	84,333,969	75,333,533	-	-
Proceeds received from bus fare collections and provision of charter services	6,500	12,800	-	-
Sales of goods	537,356	529,220	-	-
Project management fees	879,348	1,135,374	-	-
Rental income	2,059,549	2,059,549	2,059,549	2,059,549
Hotel revenue				
- Room	184,023	-	-	-
- Food and beverage	409,330	-	-	-
	<u>133,986,548</u>	<u>157,383,001</u>	<u>5,941,549</u>	<u>12,190,549</u>

4. Cost of sales

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Property development costs (Note 16(b))	16,905,596	43,647,330	-	-
Cost of completed properties sold	-	97,301	-	-
	<u>16,905,596</u>	<u>43,744,631</u>	<u>-</u>	<u>-</u>
Cost of land sold	4,374,275	-	-	-
Cost of goods sold	259,784	494,659	-	-
Cost of services rendered	25,026,226	13,939,169	-	-
	<u>46,565,881</u>	<u>58,178,459</u>	<u>-</u>	<u>-</u>

5. Interest income

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income from:				
Loans and receivables	408,563	952,980	1,085,000	1,085,508
Short term money market funds and fixed deposits	5,312,562	4,975,848	408,563	361,595
	<u>5,721,125</u>	<u>5,928,828</u>	<u>1,493,563</u>	<u>1,447,103</u>

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6. Other income

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Gain on disposal of				
- property, plant and equipment	11,999	4,099	-	-
- port facilities	-	7,999	-	-
Management fees	360,000	360,000	-	-
Miscellaneous income	2,306,553	1,469,263	5,020	2,217
Waiver of debts	20,956	2,147,278	-	-
Reversal of allowance for impairment loss on receivables	44,737	46,226	-	-
	<u>2,744,245</u>	<u>4,034,865</u>	<u>5,020</u>	<u>2,217</u>

7. Finance costs

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
BalDS financing cost	2,625,000	2,968,750	-	-
Interest on margin loan financing	-	667,139	-	-
Interest on revolving credit	587,102	227,293	-	-
Interest on hire purchase and finance lease liabilities	45,806	38,714	12,858	10,232
Interest on advances	303,271	150,111	-	-
	<u>3,561,179</u>	<u>4,052,007</u>	<u>12,858</u>	<u>10,232</u>

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8. Profit before tax

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Auditors' remuneration				
Statutory audits				
- current year	152,000	130,900	45,000	36,300
- underprovision in prior year	4,300	-	-	-
Non-audit fees				
- assurance related	5,000	5,000	5,000	5,000
- tax and other non-audit services	46,522	39,700	7,500	5,000
Allowance for impairment loss on financial assets:				
- trade receivables (Note 22)	1,200,000	3,424,726	-	-
- other investment	-	701	-	701
Depreciation				
- property, plant and equipment (Note 13)	1,448,473	831,718	284,135	232,607
- port facilities (Note 14)	2,674,459	2,497,068	-	-
- investment properties (Note 15)	79,091	79,089	-	-
Direct operating expenses of investment properties				
- revenue generating during the year	3,623	2,292	-	-
Employee benefits expense (Note 9)	14,619,478	11,767,732	2,630,915	1,317,919
Interest income	(5,721,125)	(5,928,828)	(1,493,563)	(1,447,103)
Loss/(Gain) on disposal of				
- property, plant and equipment	106,976	(4,099)	84,254	-
- port facilities	-	(7,999)	-	-
Non-executive directors' remuneration (Note 10)	1,426,774	1,237,570	324,742	258,550
Provision for retirement benefits	-	21,000	-	-

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8. Profit before tax (contd.)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Property, plant and equipment written off (Note 13)	332	1,922	-	-
Port facilities written off (Note 14)	-	865	-	-
Rental of port equipment and office equipment	8,195,881	6,923,101	-	-
Reversal of allowance for impairment loss on financial assets:				
- trade receivables (Note 22)	(44,737)	(46,226)	-	-
- other investment	(9,360)	-	(9,360)	-
Reversal of provision for retirement benefits no longer required	-	(99,896)	-	-
Rental of premises	350,863	288,899	163,239	163,243
Rental income	(2,094,889)	(2,099,509)	(2,059,549)	(2,059,549)
Waiver of debts	(20,956)	(2,147,278)	-	-

9. Employee benefits expense

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Salaries and wages	12,556,965	10,016,640	2,378,050	1,130,896
Employees Provident Fund contributions	1,326,504	1,098,236	215,156	85,424
Social Security contributions	98,189	77,543	6,914	3,160
Other staff related expenses	637,820	575,313	30,795	98,439
	<u>14,619,478</u>	<u>11,767,732</u>	<u>2,630,915</u>	<u>1,317,919</u>

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10. Directors' remuneration

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-Executive:				
Directors of the Company:				
Fees	347,302	358,000	295,192	228,000
Other emoluments	239,400	30,550	29,550	30,550
Other directors:				
Fees	546,800	569,090	-	-
Other emoluments	293,272	279,930	-	-
Total non-executive directors' remuneration (excluding benefits-in-kind)	1,426,774	1,237,570	324,742	258,550
Estimated money value of benefits-in-kind	14,200	8,925	-	-
Total non-executive directors' remuneration (including benefits-in-kind)	1,440,974	1,246,495	324,742	258,550

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	
	2013	2012
Non-executive directors:		
Below RM50,000	6	6
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-

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11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax:				
Tax expense for the year	15,237,450	19,778,255	552,500	2,601,530
(Over)/Under provision in previous year	(961,256)	(13,983)	(113,622)	31,500
	<u>14,276,194</u>	<u>19,764,272</u>	<u>438,878</u>	<u>2,633,030</u>
Deferred income tax (Note 28):				
Relating to origination and reversal of temporary differences	1,059,088	(657,246)	42,067	-
(Over)/Under provision in previous year	(25,676)	195,940	(2,280)	-
	<u>1,033,412</u>	<u>(461,306)</u>	<u>39,787</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>15,309,606</u>	<u>19,302,966</u>	<u>478,665</u>	<u>2,633,030</u>

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

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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 2013 and 2012 are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit before tax	<u>59,623,797</u>	<u>75,896,320</u>	<u>1,013,502</u>	<u>9,628,129</u>
Tax at Malaysian statutory tax rate of 25%	14,905,949	18,974,080	253,377	2,410,823
Adjustments:				
Non-deductible expenses	1,849,139	858,880	335,861	190,707
Income not subject to tax	(531,477)	(531,410)	-	-
Other items	5,104	47,446	-	-
Deferred tax assets not recognised on tax losses and unabsorbed capital allowances	67,823	36,468	5,329	-
Utilisation of previously unrecognised deferred tax assets	-	(264,455)	-	-
(Over)/Under provision of current tax in previous years	(961,256)	(13,983)	(113,622)	31,500
(Over)/Under provision of deferred tax in previous years	(25,676)	195,940	(2,280)	-
Income tax expense recognised in profit or loss	<u>15,309,606</u>	<u>19,302,966</u>	<u>478,665</u>	<u>2,633,030</u>

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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	
	2013	2012
	RM	RM
Profit attributable to ordinary equity holders of the Company (RM)	<u>26,473,433</u>	<u>38,056,022</u>
Weighted average number of ordinary shares in issue	<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings per share (sen) for: Profit for the year	<u>26.47</u>	<u>38.06</u>

(b) Diluted

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

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13. Property, plant and equipment

Group	Land and buildings* RM	Other assets** RM	Capital work in progress RM	Total RM
Cost				
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
At 1 January 2013	41,031,733	5,807,095	26,667,520	73,506,348
Additions	31,869,885	12,506,995	7,903,210	52,280,090
Disposals	(4,374,275)	(401,400)	-	(4,775,675)
Write off (Note 8)	-	(37,531)	-	(37,531)
Transfer to property development cost (Note 16)	(4,044,807)	-	-	(4,044,807)
Reclassification	28,240,960	-	(28,240,960)	-
At 31 December 2013	92,723,496	17,875,159	6,329,770	116,928,425
Accumulated depreciation				
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
At 1 January 2013	2,276,440	3,974,864	-	6,251,304
Depreciation charge for the year (Note 8)	315,455	1,133,018	-	1,448,473
Disposals	-	(262,425)	-	(262,425)
Write off (Note 8)	-	(37,199)	-	(37,199)
At 31 December 2013	2,591,895	4,808,258	-	7,400,153
Net carrying amount				
At 31 December 2012	38,755,293	1,832,231	26,667,520	67,255,044
At 31 December 2013	90,131,601	13,066,901	6,329,770	109,528,272

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13. Property, plant and equipment (contd.)

***Land and buildings**

Group	Freehold land RM	Buildings RM	Leasehold land and buildings RM	Total RM
Cost				
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(b))	(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	<u>28,439,229</u>	<u>658,504</u>	<u>11,934,000</u>	<u>41,031,733</u>
At 1 January 2013	28,439,229	658,504	11,934,000	41,031,733
Additions	-	31,869,885	-	31,869,885
Disposals	(4,374,275)	-	-	(4,374,275)
Transfer to property development cost (Note 16(b))	(4,044,807)	-	-	(4,044,807)
Reclassification	-	28,240,960	-	28,240,960
At 31 December 2013	<u>20,020,147</u>	<u>32,528,389</u>	<u>11,934,000</u>	<u>92,723,496</u>
Accumulated depreciation				
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	<u>-</u>	<u>3,294</u>	<u>2,273,146</u>	<u>2,276,440</u>
At 1 January 2013	-	3,294	2,273,146	2,276,440
Depreciation charge for the year	-	315,455	-	315,455
At 31 December 2013	<u>-</u>	<u>318,749</u>	<u>2,273,146</u>	<u>2,591,895</u>
Net carrying amount				
At 31 December 2012	<u>28,439,229</u>	<u>655,210</u>	<u>9,660,854</u>	<u>38,755,293</u>
At 31 December 2013	<u>20,020,147</u>	<u>32,209,640</u>	<u>9,660,854</u>	<u>90,131,601</u>

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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 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
At 1 January 2013	3,151,904	2,546,092	109,099	5,807,095
Additions	7,527,727	745,044	4,234,224	12,506,995
Disposals	-	(401,400)	-	(401,400)
Write off	(37,531)	-	-	(37,531)
At 31 December 2013	10,642,100	2,889,736	4,343,323	17,875,159
Accumulated depreciation				
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
At 1 January 2013	2,450,012	1,428,953	95,899	3,974,864
Depreciation charge for the year	644,065	399,517	89,436	1,133,018
Disposals	-	(262,425)	-	(262,425)
Write off	(37,199)	-	-	(37,199)
At 31 December 2013	3,056,878	1,566,045	185,335	4,808,258

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13. Property, plant and equipment (contd.)

**Other assets (contd.)

Group	Equipment, furniture and fittings and computer RM	Motor vehicles RM	Refurbishment and renovations RM	Total RM
Net carrying amount				
At 31 December 2012	701,892	1,117,139	13,200	1,832,231
At 31 December 2013	7,585,222	1,323,691	4,157,988	13,066,901

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13. Property, plant and equipment (contd.)

Company	Leasehold land, building and renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost				
At 1 January 2012	11,934,000	196,498	324,818	12,455,316
Additions	-	7,332	145,109	152,441
31 December 2012	<u>11,934,000</u>	<u>203,830</u>	<u>469,927</u>	<u>12,607,757</u>
At 1 January 2013	11,934,000	203,830	469,927	12,607,757
Additions	287,674	419,155	644,236	1,351,065
Disposals	-	-	(144,990)	(144,990)
At 31 December 2013	<u>12,221,674</u>	<u>622,985</u>	<u>969,173</u>	<u>13,813,832</u>
Accumulated depreciation				
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	<u>2,273,146</u>	<u>184,737</u>	<u>171,505</u>	<u>2,629,388</u>
At 1 January 2013	2,273,146	184,737	171,505	2,629,388
Depreciation charge for the year (Note 8)	144,684	24,850	114,601	284,135
Disposals	-	-	(50,736)	(50,736)
At 31 December 2013	<u>2,417,830</u>	<u>209,587</u>	<u>235,370</u>	<u>2,862,787</u>
Net carrying amount				
At 31 December 2012	<u>9,660,854</u>	<u>19,093</u>	<u>298,422</u>	<u>9,978,369</u>
At 31 December 2013	<u>9,803,844</u>	<u>413,398</u>	<u>733,803</u>	<u>10,951,045</u>

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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	
	2013 RM	2012 RM	2013 RM	2012 RM
Motor vehicles	600,119	678,168	247,820	298,425

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash payments	14,639,908	23,889,760	1,251,065	52,441
Finance lease arrangements	100,000	289,742	100,000	100,000
Contra in settlement of trade receivables	37,540,182	-	-	-
	<u>52,280,090</u>	<u>24,179,502</u>	<u>1,351,065</u>	<u>152,441</u>

- (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	
	2013 RM	2012 RM	2013 RM	2012 RM
Other assets:				
Equipment, furniture, fittings and computer	1,800,279	1,012,033	176,615	98,378
Motor vehicles	569,891	213,787	-	-
Refurbishment and renovations	111,596	62,365	-	-
	<u>2,481,766</u>	<u>1,288,185</u>	<u>176,615</u>	<u>98,378</u>

- (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 RM4,374,275 for a total consideration of RM10,262,736.

The sale of the land was completed during the financial year.

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14. Port facilities

Group	Leasehold port land RM	Port structure RM	Port equipment RM	Capital work in progress RM	Total RM
Cost					
At 1 January 2012	14,753,610	86,324,462	11,029,756	-	112,107,828
Additions	-	397,366	622,249	-	1,019,615
Disposal	-	-	(124,800)	-	(124,800)
Write off (Note 8)	-	-	(368,103)	-	(368,103)
At 31 December 2012	<u>14,753,610</u>	<u>86,721,828</u>	<u>11,159,102</u>	-	<u>112,634,540</u>
At 1 January 2013	14,753,610	86,721,828	11,159,102	-	112,634,540
Additions	2,580,093	621,695	397,185	786,576	4,385,549
At 31 December 2013	<u>17,333,703</u>	<u>87,343,523</u>	<u>11,556,287</u>	<u>786,576</u>	<u>117,020,089</u>
Accumulated depreciation					
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
Disposal	-	-	(124,799)	-	(124,799)
Write off (Note 8)	-	-	(367,238)	-	(367,238)
At 31 December 2012	<u>2,445,111</u>	<u>16,732,432</u>	<u>8,629,336</u>	-	<u>27,806,879</u>
At 1 January 2013	2,445,111	16,732,432	8,629,336	-	27,806,879
Depreciation charge for the year (Note 8)	168,932	2,002,985	502,542	-	2,674,459
At 31 December 2013	<u>2,614,043</u>	<u>18,735,417</u>	<u>9,131,878</u>	-	<u>30,481,338</u>
Net carrying amount					
At 31 December 2012	<u>12,308,499</u>	<u>69,989,396</u>	<u>2,529,766</u>	-	<u>84,827,661</u>
At 31 December 2013	<u>14,719,660</u>	<u>68,608,106</u>	<u>2,424,409</u>	<u>786,576</u>	<u>86,538,751</u>

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14. Port facilities (contd.)

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

	Group	
	2013	2012
	RM	RM
Port equipment	<u>155,383</u>	<u>212,583</u>

- (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	
	2013	2012
	RM	RM
Cash payments	<u>3,598,973</u>	<u>1,019,615</u>

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

	Group	
	2013	2012
	RM	RM
Port equipment	<u>7,259,938</u>	<u>5,912,747</u>

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15. Investment properties

	Group	
	2013	2012
	RM	RM
Cost		
At 1 January and 31 December	<u>5,390,949</u>	<u>5,390,949</u>
Accumulated depreciation		
At 1 January	244,861	165,772
Depreciation charge for the year (Note 8)	<u>79,091</u>	<u>79,089</u>
At 31 December	<u>323,952</u>	<u>244,861</u>
Net carrying amount		
At 31 December	<u>5,066,997</u>	<u>5,146,088</u>

The fair value of the investment properties as at 31 December 2013 amounted to approximately RM9,600,000 (2012 : RM9,300,000).

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	
	2013	2012
	RM	RM
Freehold land		
Carrying amount		
At 1 January	14,658,319	17,426,502
Transfer to property development costs	-	(2,768,183)
At 31 December	<u>14,658,319</u>	<u>14,658,319</u>