PERAK CORPORATION BERHAD

(210915-U)

INCORPORATED IN MALAYSIA

ANNUAL REPORT 2013

PERAK CORPORATION BERHAD

(210915-U)
INCORPORATED IN MALAYSIA

ANNUAL REPORT 2013

NOTICE IS HEREBY GIVEN that the Twenty-third Annual General Meeting of the Company will be held at AmanJaya Convention Centre, Casuarina @ Meru Hotel, No. 1-C, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on **Friday, 27 June 2014 at 9:30 a.m.** to transact the following businesses:

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2013 together with the Report of the Directors and Auditors thereon. **Resolution 1**

2. To approve the increase in Directors' fees for the year ended 31 December 2013 and the payment of Directors' fees thereon. **Resolution 2**

3. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association:
   a) Dato' Nasarudin bin Hashim **Resolution 3**
   b) Dato' Wan Hashimi Albakri bin W.A.A. Jaffri **Resolution 4**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

As special business to consider and, if thought fit, to pass the following resolution:

5. **Ordinary Resolution - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 6**

   "**THAT** approval be and is hereby given pursuant to Paragraph 10.09, Part E of Chapter 10 of Bursa Malaysia Securities Berhad Main Market Listing Requirements for the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for day-to-day operations with the Related Parties, as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 3 June 2014, subject to the following:

   (a) the transactions are carried out in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company; and

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:

(i) the type of the Recurrent Related Party Transactions made; and

(ii) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

THAT the approval given in the paragraph above shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("the Act"), but must not extend to such extension as may be allowed pursuant to section 143(2) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

6. To transact any other business appropriate to an AGM of which due notice shall have been given in accordance with the Act and the Company's Articles of Association.

By order of the Board

Cheai Weng Hoong
Company Secretary

Ipoh
3 June 2014

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Act shall not apply.
2. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
3. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof.
6. Only members whose names appear in the Record of Depositors as at 20 June 2014 will be entitled to attend and vote at the above Meeting.
7. The registration for the above Meeting will commence on Friday, 27 June 2014 at 9:00 a.m.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Resolutions 3 to 4

The profiles of the Directors standing for re-election are disclosed on page 8 of the Annual Report and the details of their interest in the securities of the Company are disclosed under Analysis of Shareholdings on page 39 of the Annual Report.

Explanatory Note

Resolution 6

Please refer to the Circular to Shareholders dated 3 June 2014 which is enclosed together with the Annual Report of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

YB Dato' Nasarudin bin Hashim DIMP, AMP, BPC, BCM
Chairman, Non-Independent Non-Executive

Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri DIMP
Non-Independent Non-Executive

Tuan Haji Ab Rahman bin Mohammed
Senior Independent Non-Executive

Dato' Abd Karim bin Ahmad Tarmizi DPMP
Independent Non-Executive

Dato' Dr Vasan a/l Sinnadurai DPMP
Independent Non-Executive

Datuk Dr Wan Norashikin binti Wan Noordin DPSM, PMP
Independent Non-Executive

Dato' Aminuddin bin Md Desa DSDK
Non-Independent

MANAGEMENT TEAM

Dato' Aminuddin bin Md Desa DSDK
Group Chief Executive Officer
Perak Corporation Berhad

Jamal bin Mohd Aris
Senior General Manager
Business Operations
Perak Corporation Berhad

Rozahan bin Osman
Group Chief Financial Officer
Perak Corporation Berhad

PRINCIPAL PLACE OF BUSINESS
No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan

Tel : +6 (05) 501 9888
Fax : +6 (05) 501 9999
Website : www.pkcorp.com.my

COMPANY SECRETARY
Mr Cheai Weng Hoong (LS 05624)

AUDITORS
Ernst & Young (AF: 0039)
Chartered Accountants

SOLICITORS
Rusnah Loh Ng & Co.
Koh & C H Tay

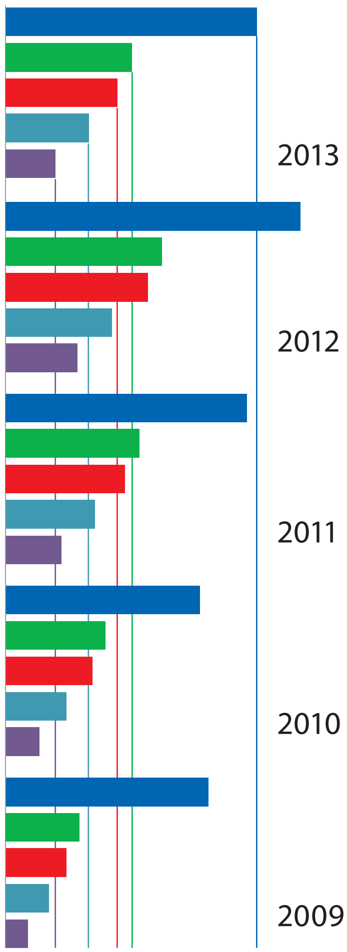
PRINCIPAL BANKERS
CIMB Bank Berhad
Malayan Banking Berhad

REGISTERED OFFICE
D-3-7, Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh, Perak Darul Ridzuan
Tel : +6 (05) 241 7762, 253 0760
Fax : +6 (05) 241 6761

REGISTRAR
Shared Services & Resources Sdn Bhd
D-3-7, Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh, Perak Darul Ridzuan
Tel : +6 (05) 241 7762, 253 0760
Fax : +6 (05) 241 6761

STOCK EXCHANGE LISTING
Main Market,
Bursa Malaysia Securities Berhad
Name : PRKCORP
Stock Code : 8346

FINANCIAL HIGHLIGHTS 31 DECEMBER



	2009 RM '000	2010 RM '000	2011 RM '000	2012 RM '000	2013 RM '000
Revenue	108,069	103,498	128,908	157,383	133,987
Earnings before interest, taxes, depreciation and amortisation	39,355	53,029	71,400	83,356	67,386
Profit before tax	32,249	46,177	63,640	75,896	59,624
Profit after tax	22,899	32,346	47,383	56,593	44,314
Net profit attributable to equity holders	11,807	17,755	29,598	38,056	26,473

		2009	2010	2011	2012	2013
Total assets	RM '000	633,426	655,847	675,258	736,902	769,889
Shareholders' equity	RM '000	467,394	491,312	520,417	561,034	599,713
Owners' equity	RM '000	391,209	410,043	431,363	468,443	514,281
Total borrowings	RM '000	110,648	117,646	112,782	107,643	102,416
Paid-up capital	RM '000	100,000	100,000	100,000	100,000	100,000
Net assets per share	RM	3.91	4.10	4.31	4.66	5.14
Share price as at fiscal year-end	RM	0.83	1.62	1.12	1.26	2.92
Return on total assets	%	5.09	7.04	9.42	10.30	7.74
Return on equity	%	3.02	4.33	6.86	8.12	5.15
Gross dividend per share	%	2.50	2.50	2.50	3.00	8.50
Gross dividend yield per share	%	3.00	1.50	2.20	2.40	2.91
Earnings per share	sen	11.81	17.76	29.60	38.06	26.47
Price-earnings ratio	times	7.0	9.1	3.8	3.3	11.0
Gearing ratio	%	6.0	2.0	0.0	0.0	1.0

PERAK CORPORATION BERHAD

Management Services & Others

- **100%** PCB Development Sdn Bhd
  Township and Property Development
  - **100%** PCB Trading & Manufacturing Sdn Bhd
    Trading and Building Materials
  - **100%** BioD Leisure and Recreation Sdn Bhd
    Township and Property Development
  - **49%** Animation Theme Park Sdn Bhd
    Development and Operator of Theme Park
- **100%** Taipan Merit Sdn Bhd
  Management Services and Others
  - **50% + 1 share** Lumut Maritime Terminal Sdn Bhd
    Infrastructure
    - **100%** LMT Capital Sdn Bhd
      Non-active
  - **79.57%** Casuarina Hotel Management Sdn Bhd
    Hotel and Tourism
    - **100%** Silveritage Corporation Sdn Bhd
      Hotel and Tourism
      - **73.91%** Cash Complex Sdn Bhd
        Hotel and Tourism
  - **49.00%** Visi Cenderawasih Sdn Bhd
    Contract Services and Others
  - **15.74%** Integrax Berhad
    Investment Holding
- **100%** Magni D'Corp Sdn Bhd
  Township and Property Development
- **100%** Premium Meridian Sdn Bhd
  Township and Property Development
- **51%** Trans Bid Sdn Bhd
  Non-active

YB DATO' NASARUDIN BIN HASHIM DIMP, AMP, BPC, BCM
Non-Independent Non-Executive Director, Malaysian, aged 63 years

YB Dato' Nasarudin bin Hashim was first appointed to the Board on 25 August 2009 and therealler as the Chairman of the Board and also Chairman of the Finance and Business Development Committee on 26 August 2009.

He graduated with a Bachelor of Arts with Honours from University of Malaya. He also holds a Certificate in Urban and Rural Planning, United Kingdom.

He sits on the Board on behalf of Perbadanan Kemajuan N egeri Perak, the ultimate holding corporation of the Company. He has previously served as an Administrative and Diplomatic Services Officer for 23 years at state and federal level. He was a member of Parliament (Parit) from 2004 to 2008 and has been elected as a member of the State Legislative Assembly (Bota, Perak) since 2008. He was previously the Chairman of FELCRA Bhd (2006-2008) and is currently the Chairman of Technology Park Malaysia Corporation Sdn Bhd. He is the Executive Director of PCB Development Sdn Bhd, a wholly owned subsidiary of the Company, since 1 September 2009.

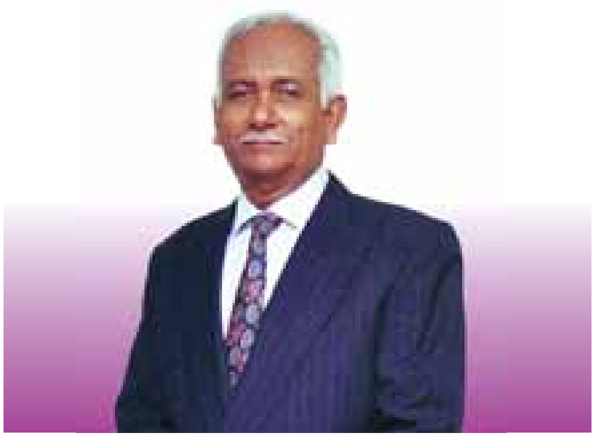
He attended 3 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2013. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

DATO' WAN HASHIMI ALBAKRI BIN WAN AHMAD AMIN JAFFRI DIMP
Non Independent Non-Executive Director, Malaysian, aged 55 years

Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri was first appointed to the Board on 18 June 2008. He was appointed as the Chairman of the Nomination and Remuneration Committee on 2 November 2009.

He graduated with a Bachelor of Science in Civil Engineering. He sits on the Board on behalf of Sime Darby Property Berhad, a major shareholder of the Company where he is Head of Development Services. Previously, he has served as Geotechnical Design & Research Engineer with Public Works Department, Ikram Bangi, Regional Geotechnical Engineer with Pengurusan Lebuhraya Bhd, Senior Project Manager with I & P Berhad, General Manager with General Lumber Construction Sdn Bhd, Executive Director with Irat Management Services Sdn Bhd, General Manager, Property Division with Putrajaya Holdings Sdn Bhd, Chief Operating Officer with Putrajaya Homes Sdn Bhd and Chief Executive Officer with Negara Properties (M) Bhd.

He attended 3 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2013. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.



TUAN HAJI AB RAHMAN BIN MOHAMMED

Senior Independent Non-Executive Director, Malaysian, aged 68 years

Tuan Haji Ab Rahman bin Mohammed was first appointed to the Board on 7 August 2007. He was appointed as a member and thereafter the Chairman of the Audit Committee on 29 August 2007 and 26 August 2009 respectively.

He graduated with a Bachelor of Economics with Honours from University of Malaya in 1969. He obtained Masters in Business Management from Asian Institute of Management, Philippines in 1997. He is a Chartered Member of the Institute of Internal Auditors, Malaysia.

Previously, he sat on the Board on behalf of Permodalan Nasional Berhad, then a major shareholder of the Company. He has been redesignated as an Independent Non Executive Director on 26 August 2009. He has served in various Government Departments for 30 years. He has served as Deputy Auditor General of Jabatan Audit Negara (1996-2000) and Chief Internal Auditor for Tenaga Nasional Berhad (2001-2005).

He attended all 5 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2013. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

He has an indirect interest via his spouse's child shareholding of 6,000 ordinary shares of the Company.

DATO' ABD KARIM BIN AHMAD TARMIZI DPMP

Independent Non-Executive Director, Malaysian, aged 64 years

Dato' Abd Karim bin Ahmad Tarmizi was first appointed to the Board and as a member of the Finance and Business Development Committee on 2 November 2009.

He graduated with a Bachelor of Economics from North Queensland University, Australia. An Australian trained Chartered Accountant, he is also a member of the Malaysian Institute of Accountants.

In 1976-1980, he served the government in the Accountant General's Office in a senior position. He left for the private sector initially joining Paremba/ Sime UEP Bhd. Thereafter, he held a few senior corporate positions in the Sime Darby Group. He ended his professional corporate career as the Group Managing Director of Land & General Berhad. In 2001, he initiated the management buyout of Industrial Resins (Malaysia) Sdn Bhd and spearheaded its operation and listing in 2005 as Chairman/CEO of IRM Group Berhad. He has previously served in the boards of Land and General Bhd, SPPK Bhd, RHB Bhd and as a Council member of the Malaysian Timber Council. He was active in the Petrochemical Industry as past President of the Plastic Resins Producers Group (PRPG) and Vice President of the Malaysian Petrochemical Association (MPA). He also laid the foundation as initial Chairman for the formation of the Malaysian Plastic Forum (MPF), a plastic advocacy group.

He attended all 5 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2013. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

DATUK DR WAN NORASHIKIN BINTI WAN NOORDIN **DPSM, PMP**
Independent Non-Executive Director, Malaysian, aged 41 years

Datuk Dr Wan Norashikin binti Wan Noordin was first appointed to the Board, a member of the Audit Committee and a member of the Nomination and Remuneration Committee on 2 November 2009.

She graduated with a Bachelor of Dental Surgery (BDS) from the University of Malaya in 1997. She had previously served in the Ministry of Health as a Government Dental Officer from 1997 before she became a private dental practitioner in 2005. She served as the Perak State Assemblywoman for Kampong Gajah from March 2008 to April 2013.

She attended all 5 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2013. She does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. She has no conviction for any offence within the past 10 years.

DATO' DR VASAN A/L SINNADURAI **DPMP**
Independent Non-Executive Director, Malaysian, aged 50 years

Dato' Dr Vasan a/l Sinnadurai was first appointed to the Board, a member of the Audit Committee and a member of the Nomination and Remuneration Committee on 2 November 2009.

He graduated with Bachelor of Medicine and Bachelor of Surgery from University of Madras, India in 1991. He received the M. MED Orthopaedic from University Science Malaysia (USM) in 2001. He also holds various fellowships, among others, Fellowship in Foot and Ankle Reconstruction (Australia), Fellowship in Sport and Shoulder (Korea), American Orthopaedic Travelling (USA) and is a Certified Medical Independent Assessor (CMIA).

He is currently the Consultant of Orthopaedic and Adult Reconstruction Surgeon at Pantai Hospital Ipoh. He has provided medical services for 20 years. He was the Head of Orthopaedic Department, Taiping Hospital for 4 years before he left for the private sector.

He attended 3 out of 5 Board of Directors' meetings held during the financial year ended 31 December 2013. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

He holds 30,000 ordinary shares of the Company.

DATO' AMINUDDIN
BIN MD DESA DSDK

Non-Independent Director, Malaysian, aged 52 years
Group Chief Executive Officer

Dato' Aminuddin bin Md Desa was appointed to the Board and as a member of the Finance and Business Development Committee on 27 February 2013, following his appointment as the Group Chief Executive Officer of the Company on 1 February 2013.

He graduated with an Advance Diploma in Business Studies (Insurance) and a Diploma in Accountancy from Universiti Teknologi MARA. He is also an Associate Member of the Chartered Insurance Institute, United Kingdom and of the Malaysian Insurance Institute.

He is the Chief Executive of Perbadanan Kemajuan Negeri Perak ("PKNP") where he was appointed on 1 February 2013. Previously, he has served as a Claims Executive of Talasco Insurance, Deputy General Manager of Syarikat Takaful Malaysia Bhd, General Manager of Arab Malaysian Assurance Bhd, Financial Consultant, IHFIM Consultancy Services Sdn Bhd, CEO of Takaful Nasional Sdn Bhd, Executive Director and CEO of Mayban Fortis Holdings Bhd, Executive Director and Chief Financial Officer of Malayan Banking Bhd and Advisor to Strategic Edge Holdings Sdn Bhd.

He sits on the board of UiTM Holdings Sdn Bhd. He has also served on the boards of Malayan Banking Berhad, Maybank Investment Bank Bhd, Etiqa Takaful Bhd, Etiqa Insurance Bhd, Pak-Kuwait Takaful Co. Ltd, Mayban Investment Management Bhd and a few offshore companies.

He is a member of the Board of Governors, Malay College Kuala Kangsar.

He attended all 4 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2013. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years. He does not hold any ordinary shares of the Company.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of PERAK CORPORATION BERHAD for the financial year ended 31 December 2013.

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan PERAK CORPORATION BERHAD bagi tahun kewangan berakhir 31 Disember 2013.

EXECUTIVE SUMMARY

The Group activities in 2013 continued to focus on its core businesses of township development of real property and ancillary services and maritime services and sales of port related land.

The sustained performance of the township and property development activities and the consistent improved returns from maritime services have enabled the Group to achieve satisfactory results for the financial year under review as compared to the performance for the last five financial years.

The Group will continue to build on its strengths in all of its business segments to remain competitive to achieve favourable results in the foreseeable future.

RINGKASAN EKSEKUTIF

Aktiviti Kumpulan bagi tahun 2013 terus tertumpu kepada teras perniagaan dalam hartanah pembangunan bandar dan perkhidmatan sampingannya, dan perkhidmatan maritim serta penjualan hartanah berkaitan dengan pelabuhan.

Prestasi yang dikekalkan dalam aktiviti pembangunan bandar dan hartanah serta perolehan konsisten dari perkhidmatan maritim telah membolehkan Kumpulan mencapai keputusan yang memberangsangkan bagi tahun dinilai berbanding prestasi untuk lima tahun kewangan sebelumnya.

Kumpulan akan terus meningkatkan kekuatan di dalam semua segmen perniagaannya untuk kekal berdaya saing supaya mencapai keputusan yang menggalakkan bagi masa hadapan yang dijangkakan.

FINANCIAL REVIEW

For the financial year ended 31 December 2013, the Group's revenue decreased by 14.87% to RM133.99 million (2012: RM157.38 million) mainly due to lower revenue from the infrastructure and the township development segments. Accordingly, the Group achieved a pretax profit of RM59.62 million (2012: RM75.90 million). Net profit attributable to shareholders was RM26.47 million in comparison to RM38.06 million earned in the previous year. Earnings per share and net assets per share attributable to ordinary equity holders of the Company as at 31 December 2013 were 26.47 sen (2012: 38.06 sen) and RM5.14 (2012: RM4.68) respectively based on the ordinary shares in issue of RM1.00 each of 100 million (2012: 100 million) units.

TINJAUAN SEMULA KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2013, perolehan pendapatan Kumpulan telah menurun sebanyak 14.87% ke RM133.99 juta (2012: RM157.38 juta), disebabkan terutamanya pendapatan yang lebih rendah daripada segmen pembangunan bandar dan infrastruktur. Dengan itu, Kumpulan mencatat keuntungan sebelum cukai berjumlah RM59.62 juta (2012: RM75.90 juta). Keuntungan bersih yang boleh diagihkan kepada para pemegang saham ialah RM26.47 juta berbanding dengan RM38.06 juta diperolehi pada tahun sebelumnya. Perolehan sesaham dan agihan aset bersih sesaham kepada pemegang ekuiti biasa Syarikat pada 31 Disember 2013 ialah 26.47 sen (2012: 38.06 sen) dan RM5.14 (2012: RM4.68) masing-masing, berasaskan syer biasa yang diterbitkan bernilai RM1.00 seunit untuk 100 juta (2012: 100 juta) unit.

For the year under review, the Company achieved revenue of RM5.94 million resulting in pretax profits of RM1.01 million as compared to revenue of RM12.19 million with pretax profits of RM9.63 million recorded in the previous year. Profit after taxation was recorded at RM0.53 million as against RM7.00 million achieved in the previous year.

Bagi tahun yang dinilai, Syarikat telah mencapai perolehan sebanyak RM5.94 juta dan ini menghasilkan keuntungan sebelum cukai sebanyak RM1.01 juta berbanding dengan perolehan RM12.19 juta dengan keuntungan sebelum cukai RM9.63 juta tercatat dalam tahun sebelumnya. Keuntungan selepas cukai dicatatkan RM0.53 juta berbanding RM7.00 juta yang dicapai dalam tahun sebelumnya.

OPERATION REVIEW

Management Services and Others

The Group's main contributors of this segment are the Company and Taipan Merit Sdn Bhd ("TMSB").

The Company derives its income from the rental of its nine-storey office tower, Wisma Wan Mohamed, dividends from its subsidiaries and interest income. As at 31 December 2013, it still has 149 acres of land at Bandar Meru Raya ("BMR") beside the land bank of 465 acres in Ulu Behrang, Perak, next to the Proton City at Behrang near Tanjung Malim, for future sale and development.

TMSB mainly obtains income from dividends from its subsidiary, Lumut Maritime Terminal Sdn Bhd ("LMTSB"), and its investment in Integrax Berhad and interest income.

This segment achieved a profit before tax (before eliminations for consolidation) of RM28.69 million as compared to a profit before tax of RM29.16 million in the previous year.

TINJAUAN SEMULA AKTIVITI-AKTIVITI

Perkhidmatan Pengurusan dan Lain-Lain

Penyumbang utama kepada Kumpulan dalam segmen ini ialah Syarikat dan Taipan Merit Sdn Bhd (TMSB).

Syarikat memperolehi pendapatannya melalui penyewaan sebuah menara pejabat 9 tingkat, Wisma Wan Mohamed, dividen dari anak-anak syarikat dan pendapatan faedah. Pada 31 Disember 2013, Syarikat masih mempunyai 149 ekar tanah di Bandar Meru Raya (BMR) selain daripada hartanah sebanyak 465 ekar di Ulu Behrang, Perak, bersebelahan Proton City di Behrang berhampiran Tanjung Malim, untuk jualan dan pembangunan masa hadapan.

TMSB memperolehi pendapatan terutamanya daripada dividen anak syarikat, iaitu Lumut Maritime Terminal Sdn Bhd (LMTSB), dan pelaburan dalam Integrax Bhd, serta pendapatan faedah.

Segmen ini telah mencapai keuntungan sebelum cukai (sebelum penyingkiran untuk penyatuan) sebanyak RM28.69 juta berbanding dengan keuntungan sebelum cukai RM29.16 juta bagi tahun sebelumnya.

Township Development

The Group's main contributor of this segment is its wholly owned subsidiary, PCB Development Sdn Bhd ("PCBD").

PCBD's township development in BMR, located in the north of the City of Ipoh, Perak, is currently being actively developed. The construction of a 156-room hotel, two blocks of office towers and convention centre is fully completed and has commenced operation in November 2013. Eleven government agencies have purchased developed lands to site their administrative offices in BMR in readiness to commence construction. Also, various types of shophouses are in various stages of construction.

This segment has achieved revenue of RM22.16 million (2012: RM54.16 million) with profit before taxation of RM9.49 million (2012: RM23.80 million) due to the lower sales of developed lands.

Infrastructure

The Group's contributor in this segment is its subsidiary, LMTSB, which is a terminal owner, operator and land developer.

Lumut Maritime Terminal ("LMT") is a river port terminal located in Lumut's Dinding River capable of handling Handymax vessels up to 40,000 deadweight tons (DWT). It provides total integrated port services and facilities and is capable of handling a whole range of cargo i.e. dry bulk, liquid bulk, break bulk and project cargoes.

The year 2013 saw a 1.9% hike in cargo throughput at LMT of 3.20 million tons, as compared to 3.14 million tons in the previous year. This is reflected in the increase in dry bulk cargo type, mainly as a result of the export of clay from the terminal (new cargo). In addition, there was an increase in project cargo from TNB M4 project and Kencana HL, giving another steady increase of 34% in conventional/break bulk cargo.

Pembangunan Bandar Baru

Penyumbang utama untuk Kumpulan dalam segmen ini ialah subsidiari milik penuhnya, PCB Development Sdn Bhd (PCBD).

Pembangunan bandar oleh PCBD di dalam BMR di utara Bandaraya Ipoh, Perak, sedang giat dibangunkan. Sebuah hotel yang mempunyai 156 bilik, 2 blok menara pejabat dan pusat konvensyen telah siap dibina dan telah mula beroperasi dalam November 2013. Sebelas buah agensi kerajaan telah membeli tanah pembangunan dengan tujuan mendirikan pejabat pentadbiran di BMR sebagai persediaan untuk bermula pembinaan. Selain itu, berbagai jenis rumah kedai adalah dalam beberapa peringkat pembinaan.

Segmen ini telah mencapai perolehan sebanyak RM22.16 juta (2012: RM54.16 juta) dengan keuntungan sebelum cukai RM9.49 juta (2012: RM23.80 juta) susulan daripada pengurangan dalam jualan tanah pembangunan.

Infrastruktur

Sumbangan Kumpulan dalam segmen ini ialah melalui subsidiari LMTSB, iaitu pemilik terminal, operator dan pemaju hartanah.

Lumut Maritime Terminal (LMT) adalah sebuah terminal pelabuhan sungai terletak di Sungai Dinding, Lumut yang mempunyai keupayaan mengendalikan kapal-kapal Handymax sehingga 40,000 berat muatan tan (DWT). LMT menyediakan perkhidmatan pelabuhan bersepadu, dengan kemudahan bagi pengendalian berbagai jenis kargo, iaitu jenis pukal kering, pukai cecair, pukal terpisah dan kargo projek.

Pengendalian kargo di LMT bagi tahun 2013 mencatat peningkatan 1.9% iaitu sebanyak 3.20 juta tan berbanding dengan 3.14 juta tan pada tahun sebelumnya. Ini terwujud daripada peningkatan kendalian kargo pukal kering terutamanya eksport tanah liat (kargo baru). Namun begitu, kendalian kargo projek daripada Projek TNB M4 dan Kencana HL telah meningkat dan memberikan peningkatan mantap sebanyak 34% dalam kendalian kargo pukal konvensional/terpisah.

LMTSB is also the operator and manager of Lekir Bulk Terminal ("LBT"), a deep water seaport located in the Malacca Straits with a natural draft of 20 metres. It is able to handle dry bulk cargoes in Handymax, Panamax and Capemax ships up to 200,000 DWT. LBT is a dedicated terminal to handle coal for the Janakuasa Sultan Azlan Shah in Sri Manjung. In the year 2013, it handled 7.66 million tons (2012: 7.02 million tons) of coal due to higher import by TNBJ and the lower prices of coal, whereby larger shipment were being made by Capemax Vessels instead of Panamax Vessels.

Port Operations Summary

	2013 RM'000	**2012 RM'000**	**%**
Revenue	84,334	75,334	11.96
PBT	43,172	33,915	27.29

LBT Cargo Throughput	7,656,979 MT	7,020,423 MT	9.06
LMT Cargo Throughput	3,200,130 MT	3,139,270 MT	1.94

LMTSB's Lumut Port Industrial Park ("LPIP") is a 1,000 acre industrial estate located next to the LMT facilities. It develops and sells industrial land with a lease for 89 years for heavy, medium and light industries at competitive prices. The selling price of the land depends on the location, total acreage purchased and most importantly the usage of port facilities. Currently, about 96.8% of the land has been sold with 32.18 acres of land remaining. Foreign ownership is permitted. Being located next to the LMT makes it a very attractive investment opportunity for investors.

LMTSB juga adalah operator dan pengurus Lekir Bulk Terminal (LBT), sebuah pelabuhan laut di perairan Selat Melaka dengan kedalaman semulajadi sehingga 20 meter. Ia mampu mengendalikan kargo pukal kering dari kapal Handymax, Panamax dan Capemax sehingga 200,000 DWT. LBT ialah terminal khusus untuk mengendalikan arang batu bagi Janakuasa Sultan Azlan Shah di Sri Manjung. Dalam tahun 2013, 7.66 juta tan (2012: 7.02 juta tan) arang batu dikendalikan dengan peningkatan import oleh TNBJ dan harga arang batu yang rendah, di mana kendalian yang lebih besar ialah dengan kapal Capemax, bukan Panamax

Ringkasan Operasi Pelabuhan

	2013 RM'000	***2012 RM'000***	***%***
Perolehan	*84,334*	*75,334*	*11.96*
Keuntungan sebelum cukai	*43,172*	*33,915*	*27.29*

Kendalian kargo LBT	*7,656,979 MT*	*7,020,423 MT*	*9.06*
Kendalian kargo LMT	*3,200,130 MT*	*3,139,270 MT*	*1.94*

Lumut Port Industrial Park (LPIP), bawah LMTSB, ialah sebuah estet perindustrian seluas 1,000 ekar bersebelahan kemudahan LMT. LMTSB membangunkan dan menjual tanah industri dengan tempoh pajakan 89 tahun bagi industri berat, sederhana dan ringan pada harga yang kompetitif. Harga jualan tanah adalah berdasarkan lokasi, jumlah keluasan tanah yang dibeli dan, yang terpenting, penggunaan kemudahan pelabuhan. Sehingga kini 96.8% tanah telah dijual dengan baki 32.18 ekar. Pemilikan asing dibenarkan. Lokasi bersebelahan dengan LMT menjadikannya satu peluang pelaburan yang menarik untuk para pelabur.

LPIP Summary

	2013 RM'000	2012 RM'000	%
Revenue	2,918	22,992	(87.31)
PBT	1,730	14,018	(87.66)

Industrial Land Sold	32.18 acres	45.85 acres	(29.83)

This infrastructure segment has contributed to the Group's revenue by achieving RM87.25 million (2012: RM98.32 million) with profit before taxation totalling RM44.90 million (2012: RM47.93 million) for the year under review.

Hotel and Tourism

The Group's only contributor in this new segment is its subsidiary, Casuarina Hotel Management Sdn Bhd ("CHM").

The construction of the hotel, Casuarina @ Meru by CHM was completed in October 2013 and had its soft opening on 15 November 2013. The hotel has 156 rooms, 8 function rooms and a large pillar less Convention Hall that can host 180 tables for sit-down dinner or 3,000 pax theatre-styled.

This segment achieved a profit before tax of RM5.29 million for the period under review.

Ringkasan LPIP

	2013 RM'000	*2012 RM'000*	*%*
Perolehan	*2,918*	*22,992*	*(87.31)*
Keuntungan sebelum cukai	*1,730*	*14,018*	*(87.66)*

Jualan tanah industri	*32.18 acres*	*45.85 acres*	*(29.83)*

Segmen infrastruktur ini telah menyumbang kepada perolehan Kumpulan sebanyak RM87.25 juta (2012: RM98.32 juta) dan keuntungan sebelum cukai berjumlah RM44.90 juta (2012: RM47.93 juta) bagi tahun yang dilaporkan.

Hotel dan Pelancongan

Sumbangan segmen ini dalam Kumpulan hanya daripada subsidiari Casuarina Hotel Management Sdn Bhd (CHM).

Pembinaan hotel Casuarina @ Meru oleh CHM telah siap pada Oktober 2013 dengan majlis pembukaan awal pada 15 November 2013. Hotel itu mempunyai 156 bilik, 8 bilik pelbagai guna dan sebuah dewan konvensyen besar tanpa tiang yang boleh memuat 180 meja makan atau 3,000 tempat duduk "theatre-styled".

Segmen ini mencapai keuntungan sebelum cukai sebanyak RM5.29 juta dalam tempoh dinilai.

CORPORATE REVIEW

On 22 January 2013, the Company received approval from the shareholders for the Company to enter into a conditional Share Sale and Debt Settlement Agreement with Perak Equity Sdn Bhd ("PESB") to acquire 25,300,543 Integrax Bhd shares representing 8.41% equity interest in Integrax Bhd from PESB for a total consideration of RM40.48 million to be settled by way of set off against the total debt of RM104.62 million ("PESB debt") owing at 31 December 2011 by PESB to the Company. The transfer of the said shares was completed on 27 February 2013 and TMSB now have an equity interest of 15.74% in Integrax Bhd.

The Company had on 28 February 2012 entered into a conditional Settlement Agreement ("Settlement Agreement") with PESB to partially settle the PESB debt by way of set-off against the total purchase consideration of RM70.27 million for two (2) properties to be acquired by the Company from PESB ("Proposed Settlement"). The Settlement Agreement was duly approved by the shareholders of the Company on 26 July 2012. However, the Settlement Agreement has yet to be completed as certain conditions precedent in connection therewith have not been fully met as at to-date. The latest request for extension of time to 28 February 2015 from PESB was approved by the Board on 26 February 2014. The PESB debt as at 31 December 2013 amounted to RM70.254 million.

On 6 January 2014, the Company has received an offer from its holding corporation, Perbadanan Kemajuan Negeri Perak together with Fast Continent Sdn Bhd, Cherry Blossom Sdn Bhd and Perak Equity Sdn Bhd (collectively referred to as the "Non-Entitled Shareholders") requesting the Company to undertake a proposed selective capital reduction and repayment exercise pursuant to section 60 of the Companies Act, 1065 ("Proposed SCR") which will result in the Non-Entitled Shareholders collectively holding the entire issued and paid-up capital of the Company upon the completion of the Proposed SCR.

TINJAUAN KORPORAT

Pada 22 Januari 2013, Syarikat telah menerima persetujuan daripada pemegang-pemegang saham Syarikat mengenai satu Perjanjian Bersyarat untuk Penjualan Saham dan Penyelesaian Hutang dengan Perak Equity Sdn Bhd (PESB), iaitu untuk membeli 25,300,543 saham Integrax Bhd, yang terdiri daripada 8.41% kepentingan ekuiti dalam Integrax Bhd, daripada PESB bernilai RM40.48 juta, sebagai cara pengurangan hutang PESB kepada Syarikat berjumlah RM104.62 juta (hutang PESB) pada 31 Disember 2011. Pemindahan saham tersebut telah selesai pada 27 Februari 2013 dan TMSB kini berkepentingan ekuiti sebanyak 15.74% dalam Integrax Bhd.

Pada 28 Februari 2012, Syarikat menandatangani satu Perjanjian Penyelesaian Bersyarat dengan PESB untuk mengurangkan sebahagian hutang tertunggak berjumlah RM70.27 juta secara pembelian dua (2) hartanah oleh Syarikat daripada PESB (Cadangan Penyelesaian). Perjanjian Penyelesaian ini telah dipersetujui oleh pemegang-pemegang Syarikat pada 26 Julai 2012. Sehingga kini Perjanjian Penyelesaian ini masih belum dianggap selesai memandangkan ada beberapa terma dan syarat yang masih belum dipenuhi. Syarikat telah menerima permohonan terbaru daripada PESB untuk perlanjutan tempoh penyelesaian ke tarikh 28 Februari 2015 dan ini telah dipersetujui oleh Lembaga Pengarah pada 26 Februari 2014. Hutang PESB pada 31 Disember 2013 adalah berjumlah RM70.254 juta.

Pada 6 Januari 2014, Syarikat telah menerima tawaran daripada pemegang saham induk, Perbadanan Kemajuan Negeri Perak, bersama-sama Fast Continent Sdn Bhd, Cherry Blossom Sdn Bhd dan Perak Equity Sdn Bhd (kumpulan ini dirujuk sebagai "Non-Entitled Shareholders") untuk menjalankan satu cadangan "selective capital reduction" berserta dengan pelaksanaan pembayarannya mengikut Seksyen 60 Akta Syarikat 1065 (Cadangan "SCR") di mana modal terbitan dan berbayar dalam Syarikat akan dipegang keseluruhannya oleh "Non-Entitled Shareholders" apabila Cadangan "SCR" selesai dijalankan.

The Board, saved for the interested Directors, has agreed to table the Proposed SCR for the consideration of the shareholders of the Company (saved for the Non-Entitled Shareholders) at a forthcoming Extraordinary General Meeting ("EGM") to be convened.

Lembaga Pengarah, kecuali Pengarah-pengarah yang berkepentingan, telah bersetuju untuk membentangkan Cadangan "SCR" untuk pertimbangan para pemegang saham Syarikat (kecuali "Non-Entitled Shareholders") di Mesyuarat Agung Luar Biasa yang akan diadakan.

CORPORATE GOVERNANCE

The Board's commitment in ensuring that good corporate governance compliance is practiced throughout the Group. Compliance with the Code on Corporate Governance (CGC) 2012 has been met on 20 December 2012 on Company's website.

URUS TADBIR KORPORAT

Lembaga Pengarah adalah komited bagi memastikan pematuhan tadbir urus korporat yang baik dilaksanakan oleh Kumpulan. Pematuhan Kod Urus Tadbir Korporat (CGC) 2012 telah dipaparkan pada 20 Disember 2012 di laman web Syarikat.

PROSPECTS FOR THE YEAR 2014

The Group will continue to strive to achieve satisfactory results for the financial year ending 31 December 2014 though overall results may be affected by the current global economic conditions. This is due to the Group's long term strategies which shall hold good for the Group's future prospects and growth. The infrastructure segment shall expect a moderate growth of its port throughput to stabilize hereafter. The township development segment shall build on its increased business activities in BMR and with the proposal of the Movie Animation Park Studios resulting in the enhancement of the value of its land bank which shall provide higher profit upon future sales of development land.

PROSPEK BAGI TAHUN 2014

Kumpulan akan terus berazam memperolehi keputusan yang memuaskan bagi tahun kewangan berakhir 31 Disember 2014 walaupun prestasi keseluruhannya boleh terjejas oleh pengaruh keadaan ekonomi global semasa. Ini disebabkan oleh strategi perancangan Kumpulan jangka panjang demi prospek dan pertumbuhan masa hadapan. Segmen infrastruktur dijangka meningkat secara sederhana melalui kendalian kargo yang dijangka stabil seterusnya. Segmen pembangunan bandar baru akan dimajukan berasaskan peningkatan aktiviti perniagaan di BMR serta cadangan pembangunan Movie Animation Park Studios yang dijangka akan menambah nilai hartanah dan menyumbang kepada keuntungan jualan tanah pembangunan yang lebih tinggi pada masa hadapan.

DIVIDEND

The Board do not recommend the payment of dividend in respect of the financial year ended 31 December 2013.

DIVIDEN

Lembaga Pengarah tidak mencadangkan bayaran dividen bagi tahun kewangan berakhir 31 Disember 2013.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to ours shareholders, clients, suppliers and business associates, bankers and various government authorities for their support and confidence in the Group. My appreciation is also extended to the Management and staff for their all dedication and commitment in their work which has resulted in the improved results by the Group for the year under review.

YB DATO' NASARUDIN BIN HASHIM
DIMP, AMP, BPC, BCM
Chairman
3 June 2014

PENGHARGAAN

Saya, bagi pihak Lembaga Pengarah, mengambil kesempatan ini untuk menyampaikan ucapan terima kasih kepada pemegang-pemegang saham, pelanggan-pelanggan, pembekal-pembekal dan rakan-rakan niaga, ahli-ahli perbankan dan pelbagai penguatkuasa kerajaan atas sokongan dan keyakinan pada Kumpulan ini. Ucapan penghargaan juga saya rakamkan kepada pihak pengurusan dan kakitangan atas dedikasi dan komitmen menjalankan tugas yang mana telah menghasilkan keputusan yang lebih baik oleh Kumpulan bagi tahun dinilai.

YB DATO' NASARUDIN BIN HASHIM
DIMP, AMP, BPC, BCM
Pengerusi
3 Jun 2014

INFRASTRUCTURE DEVELOPMENT

Lumut Maritime Terminal (LMT) which is owned to LMTSB provides a total integrated service which is inclusive of tuggage, pilotage, berthing, stevedorage, cargo handling, storage and ancillary services. Its berth is 480 metre linear berth with 30 metre mooring dolphin, is able to berth 40,000 tons DWT vessel and the 54 metre barge berth can handle up to 5,000 tons barge.

LMTSB had entered into an agreement with TNB Fuel Services Sdn Bhd (TNBF) for LMTSB to provide related marine services to ships chartered or hired by TNBF for the carriage of coal that would arrive and unload at Lekir Bulk Terminal (LBT) for the consumption of TNB Janamanjung Sdn Bhd's (TNBJ) power plants. TNBF is the exclusive coal supplier to TNBJ for carriage of coal from various loading ports to LBT. The aforesaid marine services comprised vessel handling, tuggage, pilotage, towage, pushing, berthing, unberthing, shifting or warping at the berths through the provision of tugboats, pilot boat and/or mooring boats, equipment and personnel to perform such services. The future estimated earnings of PCB Group are likely to increase due to the new rates and the additional cargo throughput of 3.0 million metric tons annually to be consumed upon the commissioning of the fourth unit of TNBJ power plant with effect from June 2014.

LBT is South-east Asia's largest dry bulk unloading facility, with high volume handling and storage capability and a natural depth of 20 m, alongside. The port is capable of berthing an entire range of vessels up to Capemax size.

LMTSB and LBTSB have entered into an Operation and Maintenance Agreement dated 30 June 2000 ('OMA") in which LMTSB is paid to run the terminal operations of LBT. The OMA runs on an initial term of 180 months up to 2017 and 5-year terms which are renewable until 2027.

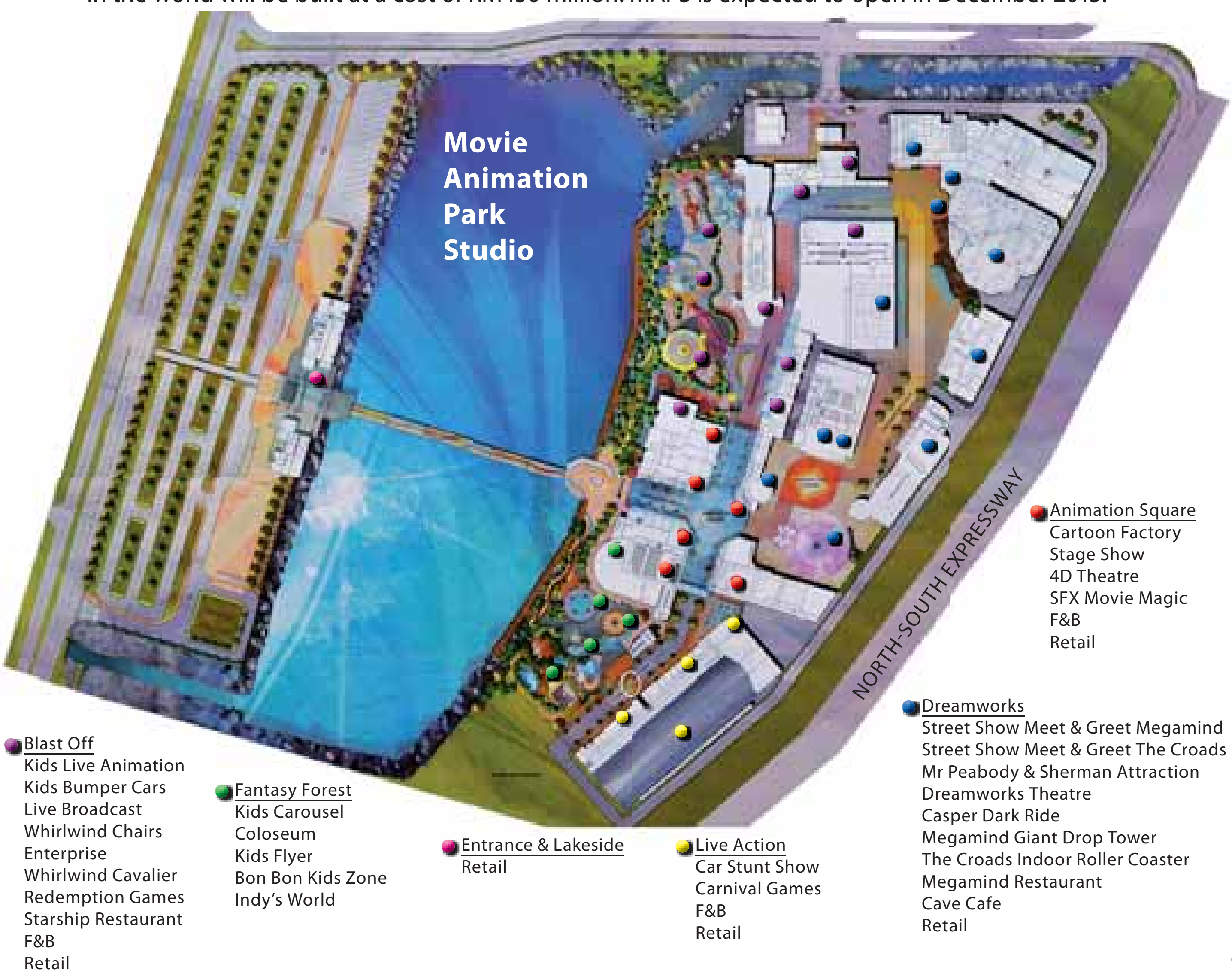
On 27 July 2012, LBTSB entered into a new Jetty Terminal Usage Agreement ("JTUA-M4") with TNBJ for the provision of handling services for the import of coal for TNBJ's new 1,010-MW Manjung 4 Power Plant ("M4 Power Plant") located at Pulau Lekir 1, Telok Rubiah, District of Manjung in Perak for an initial period which will expire on 30 March 2040. The Lumut-Manjung corridor is expected to benefit from the M4 power plant projects and Vale's iron and steel investment in Teluk Rubiah.

TOWNSHIP SEGMENT

The group's mature township development known as Bandar Meru Raya with well-planned infrastructure are located off the North-South Expressway. With the operations of Mydin hypermarket, Terminal Amanjaya, Hotel Casuarina @ Meru, and several government agencies Bandar Meru Raya will gain as premier township development in Perak.

These new development and establishments had enhanced overall landscape of the area and value add to the new township. The Group had also embarked on land banking strategy of locking in large tracts of development land in Bandar Meru Raya in sharpening the property development competitive edge to carve a bigger market share in the affordable housing sector. The Group's target residential launching would comprise mainly from mid-segment products priced at RM300,000 and below. Also, there are various types of shop houses which are on-going construction and progressing well for completion.

The Group has always endeavoured for growth progress and achievements throughout the period under review. On 30 March 2014, the Group had launched Movie Animation Park Studio (MAPS), a joint venture PCB and Sanderson Pte Ltd to develop 20.8 hectare site as the first true animation theme park in the world will be built at a cost of RM450 million. MAPS is expected to open in December 2015.



The Board of Directors fully support the Malaysian Code on Corporate Governance 2012 (MCCG 2012) which sets out the broad principles and recommendations for good corporate governance that should apply towards achieving the optimal framework in the discharge of its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

The Company has formalised and placed information on the Company Website at www.pkcorp.com.my the following:-

- The Board Charter clearly set out the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meeting. Its serves as a reference providing prospective and existing Board Members and Management insight into the fiduciary duties of Directors.
- The Code of Conduct is based on principles in relation to integrity sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the standard of corporate governance and behaviour.
- The Sustainability Policy formalises the Company's strategies on promoting sustainability by balancing the environmental, social and governance aspects of business with the interests of various stakeholders towards enhancing investor perception and public trust.
- The Whistle Blowing Policy is in place to improve the overall organisational effectiveness and to uphold the integrity of the Company which acts as a formal internal communication channel, where the staff may communicate in cases where the Company's business conduct is deemed to the contrary to the Company's common values.

The Board, shall review the above mentioned documents on a regular basis to keep them up to date with changes in regulation and best practices and ensure their effectiveness and relevance to Board's objectives.

In preparing this Statement, the Board has considered the manner in which it has applied the principles and recommendations of MCCG 2012 and the extent to which it has complied with MCCG 2012 throughout the year ended 31 December 2013.

SECTION 1: DIRECTORS

Composition of the Board

The Board has seven (7) members as at the date of this Statement, comprising four (4) who are Independent and the rest are Non-Independent. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the nominees of each of the Company's major shareholders.

YB Dato' Nasarudin bin Hashim is the Non-Executive Chairman of the Board while Dato' Aminuddin bin Md Desa, the Group Chief Executive Officer ("GCEO") who is also a board member, leads the management team. There is a clear division of responsibility between these two roles and between the Non-Executive Board members and the GCEO together with his executive management team to ensure a balance of power and authority.

The Company considers that its complement of Non-Executive Directors provide an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity. The profile of the Board members is set out on pages 8 to 11.

The majority of the Board members are Independent Directors since the Company recognises the contribution of Independent Directors as equal Board members in the development of the Company's strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. The Independent Directors are independent of management and free from any relationship that could interfere with their independent judgement. Tuan Haji Ab Rahman bin Mohammed is the appointed Senior Independent Non-Executive Director.

Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, material acquisitions and disposals, as well as material agreements are reserved for the Board. Functions reserved for the Board are clearly stated in the Board Charter besides the discharge of their fiduciary duties.

The Board has a minimum of four regularly scheduled meetings annually, with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. In 2013, the Board held five (5) meetings on the following dates: 27 February, 29 May, 26 June, 28 August and 26 November. At each scheduled meeting, there is a full financial and business review and discussion, including trading and financial performance to date against annual budget and financial plan previously approved by the Board for that year. The details of meeting attendance of each individual director are as follows:

	Meeting attendance in 2013
YB Dato' Nasarudin bin Hashim (Chairman)	3/5
Tuan Haji Ab Rahman bin Mohammed	5/5
Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri	3/5
Dato' Abd Karim bin Ahmad Tarmizi	5/5
Dato' Dr Vasan a/l Sinnadurai	3/5
Datuk Dr Wan Norashikin binti Wan Noordin	5/5
Dato' Aminuddin bin Md Desa *(appointed on 27/02/2013)*	4/4

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report of Audit Committee set out on pages 34 to 36), and Nomination and Remuneration Committee.

Middle Management is constantly being informally appraised to assess their capability of taking over the Senior Management positions within the organisation.

Supply of Information

Each Board member receives quarterly operating results, including comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be properly informed before the meeting.

Directors have access to all information within the Company whether as full board members or in their individual capacity, in furtherance to their duties. Directors have also direct access to the services of the Company Secretary who is responsible for ensuring the Board procedures are followed.

Appointments of the Board and Re-election

The Nomination and Remuneration Committee ("NRC") comprises three Non-Executive Directors, two of whom are independent. The Committee is headed by Dato' Wan Hashimi AlBakri bin Wan Ahmad Amin Jaffri and other members are Datuk Dr. Wan Norashikin binti Wan Noordin and Dato' Dr. Vasan a/l Sinnadurai. The NRC is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director upon evaluation of the candidate's ability to discharge the expected responsibilities. The Chairman of the NRC is not the Senior Independent Director, who is currently the Audit Committee Chairman, for better segregation of duties among directors.

The Board through the NRC ensures that it recruits to the Board individuals of sufficient calibre, knowledge, integrity, professionalism and experience to fulfill the duties of a director. The Chairman of the Board together with the GCEO shall give informal briefings to the new directors. All the Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad ("BMSB") on their appointment as directors of the Company as part of the induction exercise on joining the Board.

The NRC shall evaluate annually the effectiveness of each individual director and of the Board as a whole. In addition, the Board shall undertake an assessment on independence annually of its independent directors whose tenure shall not exceed cumulative term of nine (9) years.

In addition, all directors are encouraged to continuously undertake training and regularly update and refresh their skills and knowledge to enable them to effectively discharge their duties. In this connection, the directors have adopted the Guidelines for Directors' Training Needs as recommended by the NRC. The guidelines require each director to attend at least one (1) seminar/course/workshop during the financial year.

The Company has organised site visits and briefings by the management of the core subsidiaries to give the directors a better understanding of their operations. In addition, some of the directors have also attended talks, seminars and conferences to further enhance their skills and knowledge.

The directors have direct access to the advice and the services of the Company Secretary, who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from directors, both for the Group's own records and for the purposes of complying with the requirements of the Companies Act 1965, BMSB's Main Market Listing Requirements and other regulatory requirements. Upon appointment, directors are advised of their legal and other obligations as a director of a public listed company.

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to re-election at the next Annual General Meeting ("AGM") after their appointment. The Articles also provided that at least one-third of the Board is subject to re-election at regular intervals of at least once every three years. In addition, pursuant to Section 129(6) of the Companies Act, 1965, directors who are over the age of 70 years are required to submit themselves for re-appointment annually.

During the financial year, NRC meetings were held on 27 February, 28 August and 26 November. The attendance of the members is as follows:

	Meeting attendance in 2013
Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri (Chairman)	2/3
Dato' Dr Vasan a/l Sinnadurai	2/3
Datuk Dr Wan Norashikin binti Wan Noordin	3/3

The activities of the NRC during the financial year ended 31 December 2013 include recommendation to the Board on the following:

i. Nominee for appointment as director of the Company and its subsidiaries;
ii. Re-appointment and re-election of Directors at the Annual General Meeting of the Company;
iii. Conduct assessment of the independence of the independent directors of the Company;
iv. Conduct evaluation of the effectiveness of the members of the Board; and
v. Directors' remuneration packages for executive and non-executive directors.

Directors' Training

From time to time,Directors also receive further training on developments which may have a bearing on their duties and contribution to the Board, from professional bodies, regulatory institutions and corporations. Basically, all the directors of the Company had complied with the Guidelines for Directors' Training Needs for the year 2013 as they were briefed on technical updates in terms of the BMSB Main Market Listing Requirements, Accounting and Taxation matters internally on a quarterly basis during the year. The directors who have attended the training programmes are as follows:

Tuan Haji Ab Rahman bin Mohammed	• Corporate Disclosure for Directors of Public Listed Companies • Embracing Risks for Long Term Corporate Success • Leadership Code for Asia
Datuk Dr Wan Norashikin binti Wan Noordin	• Corporate Disclosure for Directors of Public Listed Companies

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

For the remuneration policy, the NRC reviews the annual fees, attendance allowance and other benefits for the directors of the Company. The decision to determine the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the NRC with ultimate approval of shareholders at the AGM.

Directors' Remuneration

The aggregate remuneration of the current directors, all except for Dato' Aminuddin bin Md Desa, whom are non-executives of the Company for the financial year ended 31 December 2013 is as follows:

	RM
Company: fees and attendance allowances	326,209
Subsidiary company: salaries, allowances and benefits-in-kind	181,800
Total	**508,009**

Bands of remuneration for the financial year ended 31 December 2013 are as follows:

Band of remuneration	***Non-Executive Directors***
Below RM50,000	5
RM50,001 – RM100,000	–
RM100,001 – RM150,000	1

The Board of Directors is of the opinion that the non-disclosure of the individual remuneration of each Director will not significantly affect the understanding and evaluation of the Group governance

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company through the Annual Report, AGM and extraordinary general meeting (if required). Announcements and release of financial results on a quarterly basis, semi-annual returns and business acquisitions and disposals, provide the shareholders and the investing public with an overview of the Group's performance, operations and directions. Members of the public can obtain the full financial results and the Company's announcements from the BMSB's website and the Company's website [www.pkcorp.com.my].

In addition, nominees of the Company's substantial shareholders sit on the Board. This provides a platform for interactions and direct communications between the Board, management and shareholders. Any queries from other shareholders are communicated through the Company Secretary.

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and Annual Reports are sent out to shareholders at least 21 days before the date of meeting.

Besides, the usual agenda for the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The directors and the GCEO are available to provide responses to questions from the shareholders during the meeting.

For re-election of directors, the Board shall ensure that full information shall be disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issue involved shall accompany items of special business included in the notice of the meeting.

The Board shall encourage poll voting for substantive resolutions. However, with the current level of shareholders' attendance at AGMs, voting by way of a show of hands continues to be efficient. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

Extraordinary General Meeting was held as follows:-

Date	*Resolution*	*Result*
22 January 2013	*Ordinary Resolution* Proposed Settlement of Debt by Perak Equity Sdn Bhd ("PESB") by way of set-off against the total purchase consideration of RM40,480,868.80 for 25,300,543 ordinary shares of RM1.00 each in Integrax Berhad ("Integrax") representing 8.41% equity interest in Integrax to be acquired by Perak Corporation Berhad from PESB.	Approved

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to BMSB and the annual report to shareholders, the directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement of Directors' Responsibilities pursuant to Section 169 of the Companies Act, 1965 is set out on page 42 of this Annual Report.

Risk Management and Internal Control

The Board takes responsibility for the Group's risk management and internal control system and for reviewing its adequacy and integrity. The Board is of the view that the current system of risk management and internal control in place throughout the Group is sufficient to safeguard the Group's assets and shareholders' investment. The Group has in place an adequacy resourced internal audit department of the Company's ultimate holding corporation.

The Statement on Risk Management and Internal Control as set out on pages 30 in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

Whistle Blowing Policy

The Group has in place a Whistle Blowing Policy designed to create an avenue for employees and stakeholders to report genuine concerns about malpractice, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal. Any concerns raised will be investigated and a report and update shall be provided to the Audit Committee for further action.

Relationship with Auditors

The role of the Audit Committee in relation to the auditors can be found in the Report of Audit Committee set out on 34 to 36. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia.

SECTION 5: CORPORATE SOCIAL RESPONSIBILITY

The Company has established a Corporate Social Responsibility ("CSR") framework which places a firm commitment towards achieving a balance between profitability and contribution in CSR activities.

With the CSR framework in place, the Company and its subsidiaries strive to integrate CSR initiatives in every aspect of its business focusing on its employees, its shareholders, its customers, the environment and society as a whole, in addition to complying with all applicable legal and regulatory requirements.

The Group has contributed and shall continuously endeavour to play a role towards the following CSR activities:

(a) The Bandar Meru Raya township with the MSC Malaysia Cyber Centre status shall provide the community with improved and higher quality standard of living through enhancements of new infrastructure and a cleaner environment. Biodiversity (BioD) Initiatives have been launched in this township which is an integration of BioD conservation practice and socioeconomic development to achieve sustainable socio-economic growth.

(b) The establishment of LMT BioHub shall provide the beneficial impact of the gradual changeover from high pollution fossil fuels to clean biofuels, which are renewable resources, on the overall reduction of carbon dioxide emissions and global warming.

(c) The commitment towards the community by supporting and donating to charitable causes and disaster relief funds organised by the local governments and non-profitable organisations, providing financial assistance in the nurturing of youths with the potential to excel in sports activities and programmes for poverty stricken families by the provision of training opportunities to attain various business or working skills.

(d) The development of Bumiputra skills in management and entrepreneurship in the various core activities of the Group.

(e) Local communities being encouraged and assisted to participate actively in tourism products such as Homestay visitors programmes in Perak and the provision of facilities and support to 6 such Homestay programmes in Perak.

(f) The promotion of a healthy balance between personal and career development of employees of the group by them attending seminars and training. In addition, they are encouraged to perform voluntary duties in various social activities.

INTRODUCTION

The Board is responsible for the adequacy and effectiveness of the Group's risk management and to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("BMSB") Main Market Listing Requirements requires directors of listed companies to include a statement in annual reports on the state of the internal control of the listed issuer as a group. The recent guidelines on the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Risk Management and Internal Control Guidance") further emphasizes the need for maintaining a sound system of risk management and internal control. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Risk Management and Internal Control Guidance.

BOARD RESPONSIBILITY

The Board of Directors recognises the importance of sound risk management practices and internal controls to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. Due to the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can provide only reasonable and not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls. The Board confirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives, which has been in place during the year and up to the date of approval of the annual report and financial statements. The Board shall regularly review this process and accords with the Risk Management and Internal Control Guidance.

RISK MANAGEMENT FRAMEWORK

In accordance with the Risk Management and Internal Control Guidance, the Board confirms that there is an ongoing process for identifying, evaluating and managing risks faced by the Group. The terms of reference of the Audit Committee has been extended to assist the Board towards the compliance of their responsibility. With the assistance of the internal audit department of the ultimate holding corporation, a structured risk management framework for the Group has been put in place. The Board has established a risk management framework, which consists of a formalised risk management policy and procedure for a systematic and consistent approach to evaluate and improve the adequacy and effectiveness of the Group's risk management process. This process is regularly reviewed by the Board, taking into account changes in the regulatory and business environment to ensure the adequacy and integrity of the system of risk management and internal control. The key element of the risk management framework involves the following:

1. **Group Risk Management Committee**

   The Group Risk Management Committee is responsible to identify continuously and communicate to the Audit Committee, which in turn would report to the Board, the critical risks the Group faces, their changes and the management action plans to manage the risks.

2. Risk Management Policies and Procedures Manual

This manual serves as a documented risk management policies and procedures that outlines the risk management framework for the Group and would offer practical guidance to all employees on risk assessment, risk communication and risk monitoring. Such policies and procedures need to be updated and adapted to the current business activities and risk exposures from time to time.

3. Key Management Staff

Nomination of qualified key management staff in each operating unit to prepare action plans, with implementation time-scales to address any risk and control issues.

4. Risk Management Reporting

Quarterly risk management reporting by the head of operating units/ key management staff were submitted to the Group Risk Management Committee. The committee conducts an annual risk assessment exercise in the significant risk affecting the Group. The risk profile of the Group together with the Risk Register were updated and presented in the Risk Management Committee meeting.

The above risk management framework has been fully implemented to effectively address critical business risks along with an appropriate management action plan to manage or mitigate such risks exposures.

For the financial year under review, it has been established at the Group level that the continuous review of the adequacy and integrity of the system of internal control and risk management practices shall include the following:

- Assess the competency and suitability of the members of respective subsidiaries risk management committee;
- Require regular risk management reporting (at least once every quarter) from each company within the Group to the holding company according to pre-determined schedule;
- Management action plans to manage or mitigate to be submitted by the respective risk management committees;
- To receive and discuss reports and executive summaries from the companies and thereafter to discuss these reports at the Audit Committee meeting of the Company on a quarterly basis;
- To incorporate progressively the improvement of the systems including the use of benchmarking and key performance indicators as effective operational and financial performance measures.

In order to sustain corporate resiliency, the Group shall continue to strengthen through continuous risk awareness and assessment to ensure proper mitigating actions to further improve the risk level and to address the various risk exposures in the forthcoming year.

REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The Group, via the ultimate holding corporation's internal audit department, provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the financial year under review, the Internal Auditors carried out audits of the operating units including subsidiaries based on an internal audit plan approved by the Audit Committee. Their audit reports were tabled at the Audit Committee meetings, where Audit Committee members reviewed the findings with management. Internal auditors shall ensure that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the external auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from key risk management and internal audit, the Group has in place the following key elements of internal control:

1. Strategic Blue Print and Objectives

To chart the Group's business direction, the Company has produced the Group's blue print (2011 – 2015) where strategic thrusts to support the achievement of the Group's key business strategic objectives were identified and undertaken by the Group.

2. Organisational Structure

The Group has in place an organisational structure with clearly defined lines of accountability and delegated authority for all aspects of the business as set out in the Board Charter and Limits of Authority to the Committees of the Board, the Chief Executive Officer and operating units.

3. Policies and Operating Procedures Manual

There is an Operating Procedures Manual that sets out the policies, procedures and practices covering activities including the following:

3.1 Financial Authority Limits
The Financial Authority Limits define financial limits of purchases of goods/services and capital expenditure for each level of management within the Group.

3.2 Budgeting
Budgets are generated annually at each operating unit. The budgets will then be presented to the Board for final review and approval.

3.3 Tender Committee
Major purchases of goods and services and contract works are required to be tendered out and submitted to the Board Tender Committee at subsidiary companies' level for review and approval.

4. Management Financial Report

Quarterly financial and performance reports are submitted to the Board which include the monitoring of results against budget, with major variances being explained and management action taken for improvement of results. This involves the inclusion of the Group Statements of Comprehensive Income, Group Statements of Financial Position, the Group Statements of Changes in Equity and Group Statements Cash Flows being presented to the Board.

5. Investment Appraisal

Investment proposals covering acquisition of property and long term investments shall be thoroughly appraised by the Board. Post implementation reviews on these investments are conducted and reported to the Board on a regular basis. Likewise, similar action is taken in respect of disposal of property/long term investments/subsidiaries.

6. Group Financial Management Meeting

Group Financial Management Meetings are held to monitor the progress and performance of each business unit and copy of the minutes are circulated to the Group Chief Executive Officer for his information.

CONCLUSION

For the financial year under review and up to the date of issuance of the Financial Statements, the Board considers the system of Risk Management and Internal Control in this Statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board has received assurance from the Audit Committee Chairman and Group Chief Financial Officer of the Company who were satisfied with the adequacy, integrity and effectiveness of the Group's systems of internal controls and risk management. Such assurances have also been received from the CEOs and Finance Officers of the subsidiaries of the Group. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's systems of internal controls and risk management except for a number of minor structural weaknesses which were identified and addressed during the year that would require disclosure in the Group's Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance to paragraph 15.23 of BMSB Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the year ended 31 December 2013. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by Malaysian Institute of Accountants ("MIA"). Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that cause them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control and risk management of the Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

COMPOSITION

	Meeting attendance in 2013
Tuan Haji Ab Rahman bin Mohammed (Chairman) *Senior Independent Non-Executive*	6/6
Dato' Dr Vasan a/l Sinnadurai *Independent Non-Executive*	4/6
Datuk Dr Wan Norashikin binti Wan Noordin *Independent Non-Executive*	4/6

KEY FUNCTIONS, ROLES AND RESPONSIBILITIES

The Audit Committee shall:

(a) Recommend to the Board the appointment and reappointment of the external auditors, their audit fees and any question of their resignation or dismissal.

(b) Discuss with the external auditors before the audit commences, the audit plan, their evaluation of the system of internal control and the audit reports on the financial statements and the assistance given by the Company's officers to the external auditors.

(c) Review the quarterly financial reports and annual financial statements before submission to the Board focusing particularly on:

- Changes in or implementation of major accounting policy changes;
- Significant and unusual events; and
- Compliance with accounting standards and other legal requirements.

(d) Discuss the outcome of the interim and final audit, and any matters the auditors may wish to discuss ensuring that no management restrictions are being placed on the scope of their examinations.

(e) Review the adequacy of the scope, function, competency and resources and the effectiveness of the internal audit function.

(f) Review the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(g) Review the Risk Management Framework of the Group, the significant risks identified for the Group and the findings highlighted by the Internal Auditors.

(h) Review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(i) Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External Auditors as well as Internal Auditors.

(j) Prepare an Audit Committee Report, for the consideration of the Board at the end of each financial year, for inclusion in the Annual Report of the Company.

(k) Report to Bursa Malaysia Securities Berhad ("BMSB") where the Committee is of the view that a matter reported by it to the Board has not been satisfactory resolved resulting in a breach of BMSB Main Market Listing Requirements.

(l) Establish policies and procedures to assess the suitability and independence of the external auditors taking into account the provision of non-audit services will not impair their independence and to obtain written assurance from the external auditors that the conduct of audit engagement is in accordance with the terms of all relevant professional and regulatory requirements.

(m) Carry out the responsibilities as required under Whistle Blowing Policy and Procedures upon receiving reports on misconduct, wrongdoing, corruption, fraud, waste and/or abuse.

MEETINGS

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or internal or external auditors. The Committee may convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary. The Committee may invite any person to be in attendance at each meeting.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman of the Company, the Chief Executive Officer, the Chief Financial Officer, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

A meeting shall be called by notice in writing of not less than seven (7) days or such shorter notice as may be agreed by the members.

The quorum for each meeting shall be two (2) members, the majority of members present must be independent members.

Minutes of each meeting shall be kept and distributed to each member of the Committee and the Board. The Chairman shall report on each meeting to the Board. The minutes book shall be opened to the inspection of any director of the Company. The secretary to the Committee shall be the Company Secretary.

SUMMARY OF ACTIVITIES

The Committee met 6 times during the financial year under review for the following purposes:

- To review the financial statements before the quarterly announcements to BMSB;
- To ensure that the financial statements comply with the applicable Malaysian Financial Reporting Standards;
- To review the year end financial statements together with external auditors' management letter and management's response;
- To discuss with the external auditors, the audit plan and scope for the year, as well as the audit procedures to be utilised;
- To assess the suitability and independence of the External Auditors with reference to the policies and procedures as laid out;
- To discuss with the internal auditors on its scope of work, adequacy of resources and coordination with the external auditors;
- To review the reports prepared by the internal auditors on the state of internal control of the Group;
- To review related party transactions and recurrent related party transactions entered into by the Company and its subsidiary companies and Circulars to Shareholders related to such transactions.

In 2013, the Committee held meetings on the following dates: 26 February, 23 April, 28 May, 27 August, 26 November and 30 December. The attendance of the members is as shown above.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Audit Committee is supported adequately by the internal audit department from the Company's ultimate holding corporation, which would outsource any consultant or professional firm if there was a requirement to do so. The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

The internal audit activities have been carried out according to the internal audit plan, which has been approved by the Audit Committee. In 2013, a series of review of the risk management framework of the group and the audits of the operating units including subsidiaries were carried out. The audit reports were tabled at the Audit Committee Meeting, where Audit Committee members reviewed the findings with management. Internal Auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the external auditor's recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place. The cost incurred by the Company for the internal audit function amounted to RM100,000 in respect of the annual fee paid to the Company's ultimate holding corporation for the year 2013.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 30 to 33.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") OF REVENUE NATURE

RRPTs of revenue nature conducted during the financial year are as follows:

Type of RRPT	*Name of Related Party*	*Relationship with the Company*	*Actual Value Period: 1/1/13 – 31/12/13 (RM)*
Rental of office premises from the Company	Perbadanan Kemajuan Negeri Perak ("PKNP")	Ultimate Holding Corporation	2,023,549
Management services provided to the Company	PKNP	Ultimate Holding Corporation	800,000
Project services provided to the Company	PKNP	Ultimate Holding Corporation	800,000
Rental and disbursements payable by the Company	PKNP	Ultimate Holding Corporation	365,812
Operation and maintenance provided by a subsidiary, Lumut Maritime Terminal Sdn Bhd ("LMT")	Lekir Bulk Terminal Sdn Bhd ("LBT")	See note 1 below	34,690,519
Tug boat services provided to a subsidiary, LMT	Radikal Rancak Sdn Bhd ("RR")	See note 2 below	6,203,772

Relationship with the Company:

1. LBT is a subsidiary of Pelabuhan Lumut Sdn Bhd ("PL"), which holds 80% of its equity interest, whereas the remaining equity interest of 20% is held by Tuah Utama Sdn Bhd, an unrelated company to PCB Group and its Directors.

2. RR is a wholly owned subsidiary of P.T. Tanah Laut, Tbk (formerly known as PT Indoexchange, Tbk), a limited company listed on the Indonesia Stock Exchange which in turn is a 81.07% subsidiary of Equatorex Sdn Bhd ("ESB"). Harun Halim Rasip ("HHR") who is a substantial shareholder of ESB is a brother of Amin Halim Rasip, a director of LMT and PL. HHR is a director of RR and ESB.

MATERIAL CONTRACTS

There were no material contracts other than in the ordinary course of business entered into by the Company or its subsidiaries involving the interest of the Directors and major shareholders except as disclosed in Note 37 of the Financial Statements of the Company for the financial year ended 31 December 2013.

Impositions of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by relevant authorities.

Non-Audit Fees

There were assurance related non-audit fees of RM5,000 (2012: RM5,000) and tax compliance services of RM46,522 (2012: RM37,900) payable by the Company and its subsidiaries to the External Auditors of the Company and to a company affiliated to them respectively.

Authorised Capital	:	RM500,000,000
Issued and Fully Paid-Up Capital	:	RM100,000,000
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per shareholder on a show of hands One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDERS (Based on the Record of Depositors)

No. of holders	*Holdings*	*Total shareholdings*	*%*
256	Less than 100	11,981	0.01
212	100 to 1,000	146,791	0.15
1,539	1,001 to 10,000	5,321,101	5.32
299	10,001 to 100,000	9,268,224	9.27
71	100,001 to 4,999,999	27,620,653	27.62
2	5,000,000* and above	57,631,250	57.63
2,379		100,000,000	100.00

Notes: * Denotes 5% of the issued capital

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)
(Based on the Company's Register of Substantial Shareholders)

		No. of shares held			
No.	*Name of holders*	*Direct*	*%*	*Deemed*	*%*
1.	Perbadanan Kemajuan Negeri Perak	52,271,253 *1	52.27	627,150 *2	0.63
2.	Sime Darby Property Berhad	6,125,000	6.12	–	–

Notes :

*1 Including 51,506,250 shares held under CIMB Group Nominees (Tempatan) Sdn Bhd

*2 Deemed interest through its direct and indirect wholly owned subsidiaries, namely Fast Continent Sdn Bhd, Cherry Blossom Sdn Bhd and Perak Equity Sdn Bhd

DIRECTORS' SHAREHOLDINGS (Based on the Company's Register of Directors Shareholdings)

		No. of shares held			
No.	*Name of holders*	*Direct*	*%*	*Deemed*	*%*
1.	Tuan Haji Ab Rahman bin Mohammed	–	–	6,000 *1	0.01
2.	Dato' Dr Vasan a/l Sinnadurai	30,000	0.03	–	–

Note: *1. Deemed interest through his spouse and child.

THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors)

No.	Name	No. of shares held	%
1	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak (CBD-NR-PERAKCB)*	51,506,250	51.51
2	Sime Darby Property Berhad	6,125,000	6.12
3	KAF Trustee Berhad *KAF Fund Management Sdn Bhd for KAF Seagroatt & Campbell Berhad*	4,378,000	4.38
4	Pui Cheng Wui	2,219,700	2.22
5	HSBC Nominees (Asing) Sdn Bhd *Exempt an for Credit Suisse Securities (Europe) Limited (CLTAC N-Treaty)*	1,381,500	1.38
6	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chee Sai Mun*	1,347,600	1.35
7	Citigroup Nominees (Asing) Sdn Bhd *Macquarie Bank Limited (London Branch)*	900,000	0.90
8	PM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mary Tan @ Tan Hui Ngoh (B)*	866,000	0.87
9	Lim Gaik Bway @ Lim Chiew Ah	849,400	0.85
10	Kenanga Nominees (Asing) Sdn Bhd *Cantal Capital Inc.*	800,000	0.80
11	Perbadanan Kemajuan Negeri Perak	765,003	0.76
12	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teh Kian Lang (CEB)*	592,500	0.59
13	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Joseph Lam Wai*	500,000	0.50
14	Soon Lean Sim	498,000	0.50
15	Tharumanathan A/L S. Eliathamby	463,000	0.46
16	Rachel Lim Li Mae	408,900	0.41
17	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chee Sai Mun (E-KLC)*	405,000	0.40
18	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chee Sai Mun*	396,000	0.40
19	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Ai Ming (E-KLC)*	376,100	0.38
20	Cherry Blossom Sdn Bhd	367,150	0.37
21	KAF Trustee Berhad *KAF Fund Management Sdn Bhd for Yayasan Istana Abdul Aziz*	360,000	0.36
22	KAF Trustee Berhad *KAF Fund Management Sdn Bhd for DYMM Tuanku Bainun Mohd Ali*	351,000	0.35
23	Jenny Wong	350,900	0.35
24	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Hock Leong (E-PDG/SAN)*	344,400	0.34
25	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ooi Chin Hock (8058312)*	336,900	0.34
26	Gan Kho @ Gan Hong Leong	326,000	0.33
27	Gina Gan	326,000	0.33
28	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Kiam Hsung*	309,700	0.31
29	Tok Ler	265,400	0.26
30	Cheong Yoke Choy	250,000	0.25
		78,365,403	**78.37**

	Location	Approximate Land Area (acres)	Tenure	Description	Date of Acquisition Approx. Age (Buildings) Net Book Value	Existing Use
	Lot 6407N (PN 67134) Bandar Ipoh, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	0.73	Leasehold (99 years) expiring year 2081	9-storey office tower	10.01.1997 33 years RM9,518,733	Rented to Perbadanan Kemajuan Negeri Perak except for second and seventh floor occupied by the Company
PCB Development Sdn Bhd	Part of Lot 140407, 15437, 25459, 33004, 52566, 21310, 18202 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	141.53	Freehold	Agricultural land with approval for mixed development from Pejabat Pengarah Tanah & Galian	31.12.1997 RM23,820,370	Agriculture (proposed for mixed development)
	No. HSD 98757, PT 167585 Negeri Perak, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	5.00	Freehold	3-storey institutional building	1.1.2002 12 years RM3,825,492	Rented to a third party
	(a) No.HSD 159908, PT 213246	0.0616	Freehold	Double storey building	30.9.2011 2 years RM1,241,499	Vacant
	(b) No.HSD 159909, PT 213247	0.0650				
	(c) No.HSD 159910, PT 213248	0.0650				
	Negeri Perak, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.					
	Lot PT 2273, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	27.46	Leasehold (99 years) expiring year 2094	Waterbody	30.9.1995 RM715,304	Port operations
	Lot PT 6973, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Wharf, warehouse & office complex building	10.4.1997 17 years RM80,051,832	Port operations
	PT 6972/Lot 11063, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan. (purchase vacant land in YR2013)	1.65	Leasehold (99 years) expiring year 2094	Waterbody	17.04.2013 18 years RM2,560,635	Port operations
	H.S.(D) 204383 PT 245010 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	7.34	Freehold	Hotel, convention centre & 2 office towers	31.12.2013 RM78,534,374	Hotel operations

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- Complied with the applicable MASB approved accounting standards in Malaysia.
- Adopted and consistently applied appropriate accounting policies.
- Made judgements and estimates that are prudent and reasonable.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

PERAK CORPORATION BERHAD

(210915-U)
INCORPORATED IN MALAYSIA

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2013

This page has been intentionally left blank.

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

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

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

Dividends

The amount of dividend paid by the Company since 31 December 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	1,100,000
	7,475,000

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.

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:

	Number of ordinary shares of RM1 each			
The Company	**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.

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.

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

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

Tuan Haji Ab Rahman Bin Mohammed

Ipoh, Perak Darul Ridzuan, Malaysia

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,

Commissioner for Oaths

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.

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.

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

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

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 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		87,420,667	99,204,542	5,941,549	12,190,549
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	59,623,797	75,896,320	1,013,502	9,628,129
Income tax expense	11	(15,309,606)	(19,302,966)	(478,665)	(2,633,030)
Profit net of tax		44,314,191	56,593,354	534,837	6,995,099
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		71,153,726	57,867,302	534,837	6,995,099

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

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	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	-	-
		44,314,191	56,593,354	534,837	6,995,099
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	-	-
		71,153,726	57,867,302	534,837	6,995,099
Earnings per share attributable to owners of the Company (sen per share):					
Basic	12	26.47	38.06		
Diluted	12	26.47	38.06		

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

Statements of financial position
As at 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 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	-	-
		344,970,257	225,445,855	186,093,765	185,111,729
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
		424,919,183	511,455,796	221,090,732	220,137,034
Total assets		769,889,440	736,901,651	407,184,497	405,248,763

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

		Group		Company	
	Note	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	-	-
		133,728,970	135,427,648	71,468,836	62,611,091
Net current assets		291,190,213	376,028,148	149,621,896	157,525,943
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	-
		36,447,916	40,440,175	178,601	160,449
Total liabilities		170,176,886	175,867,823	71,647,437	62,771,540
Net assets		599,712,554	561,033,828	335,537,060	342,477,223

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

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 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
		514,280,564	468,442,596	335,537,060	342,477,223
Non-controlling interests		85,431,990	92,591,232	-	-
Total equity		599,712,554	561,033,828	335,537,060	342,477,223
Total equity and liabilities		769,889,440	736,901,651	407,184,497	405,248,763

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

Statements of changes in equity
For the financial year ended 31 December 2013

			|-------- Attributable to owners of the Company					
			Equity attributable	Non-distributable		Distributable	Non distributable	
2013 Group	**Note**	**Equity total RM**	**to owners of the Company total RM**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Fair value adjustment reserve RM**	**Non-controlling interests 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

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

			|------ Attributable to owners of the Company					
			Equity attributable	Non-distributable		Distributable	Non distributable	
2012 Group	**Note**	**Equity total RM**	**to owners of the Company total RM**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Fair value adjustment reserve RM**	**Non-controlling interests RM**
At 1 January 2012		520,416,525	431,362,626	100,000,000	172,770,440	162,042,157	(3,449,971)	89,053,899
Total comprehensive income		57,867,302	39,329,970	-	-	38,056,022	1,273,948	18,537,332
Dividend paid by a subsidiary to a non-controlling 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

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

Company	Note	Equity total RM	Non I------------distributable---------I Share capital RM	Share premium RM	Distributable Retained earnings 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.

Statements of cash flows
For the financial year ended 31 December 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Operating activities				
Profit before tax	59,623,797	75,896,320	1,013,502	9,628,129
Adjustments for:				
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)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	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

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 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)
- BaIDs	(5,000,000)	(5,000,000)	-	-
- Margin loan for share financing	-	(12,000,000)	-	-
Net cash flows used in financing activities	(35,422,050)	(66,803,110)	(7,548,118)	(2,314,710)
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	136,071,935	137,907,557	21,060,355	10,124,923
Cash and cash equivalents at 31 December	115,681,733	136,071,935	9,591,583	21,060,355
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
	158,618,895	184,950,094	9,591,583	21,060,355
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)	-	-
	115,681,733	136,071,935	9,591,583	21,060,355

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

Notes to the financial statements
For the financial year ended 31 December 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").

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
Ammendments 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

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.

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.

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:

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.

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.

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.

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.

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.

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.

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.

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.

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.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(j) Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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

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

2. **Significant accounting policies (contd.)**

2.4 Summary of significant accounting policies (contd.)

(k) Inventories

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

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

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

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

(l) Financial assets

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

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

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

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

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

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(l) Financial assets (contd.)

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the 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.

2. **Significant accounting policies (contd.)**

2.4 Summary of significant accounting policies (contd.)

(l) Financial assets (contd.)

(iv) Available-for-sale financial assets

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

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

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

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On the derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(m) Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

2. **Significant accounting policies (contd.)**

2.4 Summary of significant accounting policies (contd.)

(m) Impairment of financial assets (contd.)

(ii) Unquoted equity securities carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

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

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

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(n) Cash and cash equivalents

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(o) Provisions

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

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

(p) Financial liabilities

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

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

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

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

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

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(p) Financial liabilities (contd.)

(ii) Other financial liabilities

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

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

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

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(q) Borrowing costs

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

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

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

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

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

(s) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

(iii) 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.

2. **Significant accounting policies (contd.)**

2.4 Summary of significant accounting policies (contd.)

(t) Leases

(i) As lessee

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

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

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

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

(ii) As lessor

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(u) Revenue

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

(i) Dividend income

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

(ii) Hotel related operations

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

(iii) Management fees

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

(iv) Mobilisation fees

Mobilisation fees are recognised on a receivable basis.

(v) Port services

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

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

2. **Significant accounting policies (contd.)**

2.4 Summary of significant accounting policies (contd.)

(u) Revenue (contd.)

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

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

(vii) Rental income

Rental income is recognised over the term of the tenancy.

(viii) Sale of goods

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

(ix) Sale of completed properties

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

(x) Sale of land

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

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

(xi) Sale of development properties

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

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

2. **Significant accounting policies (contd.)**

2.4 Summary of significant accounting policies (contd.)

(u) Revenue (contd.)

(xi) Sale of development properties (contd.)

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

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

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

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

(v) Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

2. **Significant accounting policies (contd.)**

2.4 Summary of significant accounting policies (contd.)

(v) Income taxes (contd.)

(ii) Deferred tax (contd.)

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

(v) Income taxes (contd.)

(ii) Deferred tax (contd.)

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

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

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 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.

2. **Significant accounting policies (contd.)**

2.5 Significant accounting judgements and estimates

(a) Judgements made in applying accounting policies

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

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

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

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

2. **Significant accounting policies (contd.)**

2.5 Significant accounting judgements and estimates (contd.)

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

(ii) Impairment of available-for-sale investments

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

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

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.

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.

3. Revenue

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 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	-	-	-
	133,986,548	157,383,001	5,941,549	12,190,549

4. Cost of sales

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Property development costs (Note 16(b))	16,905,596	43,647,330	-	-
Cost of completed properties sold	-	97,301	- -	-
	16,905,596	43,744,631	-	-
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	-	-
	46,565,881	58,178,459	-	-

5. Interest income

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 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
	5,721,125	5,928,828	1,493,563	1,447,103

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	-	-
	2,744,245	4,034,865	5,020	2,217

7. Finance costs

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
BaIDS 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	-	-
	3,561,179	4,052,007	12,858	10,232

8. Profit before tax

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	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	-	-

8. Profit before tax (contd.)

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 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 RM	2012 RM	2013 RM	2012 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
	14,619,478	11,767,732	2,630,915	1,317,919

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	-	-

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
	14,276,194	19,764,272	438,878	2,633,030
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)	-
	1,033,412	(461,306)	39,787	-
Income tax expense recognised in profit or loss	15,309,606	19,302,966	478,665	2,633,030

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

11. Income tax expense (contd.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	59,623,797	75,896,320	1,013,502	9,628,129
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	15,309,606	19,302,966	478,665	2,633,030

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

(b) Diluted

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

13. Property, plant and equipment

	Land and buildings* RM	Other assets** RM	Capital work in progress RM	Total RM
Group				
Cost				
At 1 January 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

13. **Property, plant and equipment (contd.)**

***Land and buildings**

	Freehold land RM	Buildings RM	Leasehold land and buildings RM	Total RM
Group				
Cost				
At 1 January 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	28,439,229	658,504	11,934,000	41,031,733
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	20,020,147	32,528,389	11,934,000	92,723,496
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	-	3,294	2,273,146	2,276,440
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	-	318,749	2,273,146	2,591,895
Net carrying amount				
At 31 December 2012	28,439,229	655,210	9,660,854	38,755,293
At 31 December 2013	20,020,147	32,209,640	9,660,854	90,131,601

13. Property, plant and equipment (contd.)

****Other assets**

	Equipment, furniture and fittings and computer RM	Motor vehicles RM	Refurbishment and renovations RM	Total RM
Group				
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

13. **Property, plant and equipment (contd.)**

****Other assets (contd.)**

	Equipment, furniture and fittings and computer RM	Motor vehicles RM	Refurbishment and renovations RM	Total RM
Group				
Net carrying amount				
At 31 December 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

13. Property, plant and equipment (contd.)

	Leasehold land, building and renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company				
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	11,934,000	203,830	469,927	12,607,757
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	12,221,674	622,985	969,173	13,813,832
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	2,273,146	184,737	171,505	2,629,388
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	2,417,830	209,587	235,370	2,862,787
Net carrying amount				
At 31 December 2012	9,660,854	19,093	298,422	9,978,369
At 31 December 2013	9,803,844	413,398	733,803	10,951,045

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 2013 RM	Group 2012 RM	Company 2013 RM	Company 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 2013 RM	Group 2012 RM	Company 2013 RM	Company 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	-	-	-
	52,280,090	24,179,502	1,351,065	152,441

(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 2013 RM	Group 2012 RM	Company 2013 RM	Company 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	-	-
	2,481,766	1,288,185	176,615	98,378

(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.

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	14,753,610	86,721,828	11,159,102	-	112,634,540
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	17,333,703	87,343,523	11,556,287	786,576	117,020,089
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	2,445,111	16,732,432	8,629,336	-	27,806,879
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	2,614,043	18,735,417	9,131,878	-	30,481,338
Net carrying amount					
At 31 December 2012	12,308,499	69,989,396	2,529,766	-	84,827,661
At 31 December 2013	14,719,660	68,608,106	2,424,409	786,576	86,538,751

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	155,383	212,583

(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	4,385,549	1,019,615

(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	7,259,938	5,912,747

15. Investment properties

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

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 RM	Group 2012 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	14,658,319	14,658,319

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

(b) Property development costs

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
At 31 December 2013				
Cumulative property development costs				
At 1 January				
Freehold land	73,383,599	85,308,610	33,253,477	33,253,477
Leasehold land	8,497,064	1,527,226	8,640,000	8,640,000
Development costs	49,913,014	59,183,140	36,630,842	27,033,582
	131,793,677	146,018,976	78,524,319	68,927,059
Costs incurred during the year:				
Development costs	15,374,344	22,452,193	2,051,227	9,597,260
Reversal of costs arising from completed sale of land:				
Freehold land	(4,554,144)	(16,770,740)	-	-
Leasehold land	(49,893)	(641,969)	-	-
Development costs	(12,301,559)	(26,234,621)	-	-
	(16,905,596)	(43,647,330)	-	-

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

(b) Property development costs (contd.)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cumulative costs recognised in profit or loss				
At 1 January	-	-	-	-
Cost recognised during the year (Note 4)	(16,905,596)	(43,647,330)	-	-
Reversal of costs arising from completed sale of land	16,905,596	43,647,330	-	-
At 31 December	-	-	-	-
Transfers:				
From land held for property development	-	2,768,183	-	-
From property, plant and equipment (Note 13)	4,044,807	4,201,655	-	-
	4,044,807	6,969,838	-	-
Property development costs at 31 December	134,307,232	131,793,677	80,575,546	78,524,319

(i) Titles of certain land totalling RM24,326,304 (2012 : RM24,326,304) have yet to be issued to the subsidiaries concerned.

(ii) A freehold development land with a carrying amount of RM19,516,331 (2012 : RM19,516,331) of the Company is pledged to a financial institution as security for bank facilities granted to a subsidiary as disclosed in Note 25.

17. Investments in subsidiaries

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost		
Ordinary shares	1,602,509	1,602,509
Accumulated impairment losses	(509)	(509)
	1,602,000	1,602,000
Equity loans to subsidiaries	173,515,720	173,515,720
	175,117,720	175,117,720

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

Name of subsidiaries	Equity interest held* (%) 2013	Equity interest held* (%) 2012	Principal activities
Magni D'Corp Sdn. Bhd.	100	100	Property investment
PCB Development Sdn. Bhd.	100	100	Investment holding and real property development
Premium Meridian Sdn. Bhd.*	100	100	Property development and project management
Taipan Merit Sdn. Bhd.	100	100	Investment holding
Trans Bid Sdn. Bhd.	51	51	Distribution, operation and management of water supply services
Held by PCB Development Sdn. Bhd.			
PCB Trading & Manufacturing Sdn. Bhd.	100	100	Trading and manufacture of building materials
BioD Leisure and Recreation Sdn. Bhd.	100	100	Provision of transport and travel services
Held by Taipan Merit Sdn. Bhd.			
Lumut Maritime Terminal Sdn. Bhd.	50 plus 1 share	50 plus 1 share	Development of an intregated privatised project encompassing ownership and operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities

17. Investments in subsidiaries (contd.)

Name of subsidiaries	Equity interest held* (%) 2013	2012	Principal activities
Held by Taipan Merit Sdn. Bhd. (contd.)			
Casuarina Hotel Management Sdn. Bhd.	79.57	79.57	Hotelier, restaurateur and property developer
Held by Lumut Maritime Terminal Sdn. Bhd.			
LMT Capital Sdn. Bhd.	100	100	Issuance and redemption of Redeemable Preference Shares. The Redeemable Preference Shares were fully redeemed in 2003. The company is currently dormant
Held by Casuarina Hotel Management Sdn. Bhd.			
Silveritage Corporation Sdn. Bhd.	100	100	Development of tourism projects
Held by Silveritage Corporation Sdn. Bhd.			
Cash Complex Sdn. Bhd.	73.91	73.91	Investment holding

* Equals to the proportion of voting rights held

Equity loans to subsidiaries

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

The directors are of the opinion that the fair values of the subsidiaries are not less than their carrying values as at 31 December 2013 and 2012. The Company and its ultimate holding corporation will continue to assist in the development of the projects undertaken by the respective subsidiaries as and when required.

17. Investments in subsidiaries (contd.)

(a) Summarised financial information of Lumut Maritime Terminal Sdn. Bhd. and Casuarina Hotel Management Sdn. Bhd. which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of Trans Bid Sdn. Bhd and Cash Complex Sdn. Bhd. are not material to the Group.

(i) Summarised statements of financial position

	Lumut Maritime Terminal Sdn Bhd		Casuarina Hotel Management Sdn Bhd		Total	
	2013	2012	2013	2012	2013	2012
	RM	RM	RM	RM	RM	RM
Non-current assets	86,692,973	85,610,169	83,480,711	41,621,079	170,173,684	127,231,248
Current assets	105,344,505	127,377,005	9,104,030	38,456,614	114,448,535	165,833,619
Total assets	192,037,478	212,987,174	92,584,741	80,077,693	284,622,219	293,064,867
Current liabilities	16,149,768	15,919,805	18,527,124	27,009,303	34,676,892	42,929,108
Non- current liabilities	29,847,396	35,095,141	23,939,634	6,917,581	53,787,030	42,012,722
Total liabilities	45,997,164	51,014,946	42,466,758	33,926,884	88,463,922	84,941,830
Net assets	146,040,314	161,972,228	50,117,983	46,150,809	196,158,297	208,123,037
Equity attributable to						
Owners of the Company	73,035,936	81,003,411	39,510,411	36,353,513	112,546,347	117,356,924
Non-controlling interests	73,004,378	80,968,817	10,607,572	9,797,296	83,611,950	90,766,113
	146,040,314	161,972,228	50,117,983	46,150,809	196,158,297	208,123,037

17. Investments in subsidiaries (contd.)

(ii) Summarised statements of comprehensive income

	Lumut Maritime Terminal Sdn Bhd		Casuarina Hotel Management Sdn Bhd		Total	
	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM
Revenue	87,251,625	98,325,558	19,505,364	12,181,554	106,756,989	110,507,112
Profit for the year	34,068,086	35,471,524	3,967,174	3,941,872	38,035,260	39,413,396
Profit attributable to:						
Owners of the Company	17,038,600	17,739,309	3,154,012	3,136,548	20,192,612	20,875,857
Non-controlling interests	17,029,486	17,732,215	813,162	805,324	17,842,648	18,537,539
	34,068,086	35,471,524	3,967,174	3,941,872	38,035,260	39,413,396
Total comprehensive income attributable to:						
Owners of the Company	17,038,600	17,739,309	3,154,012	3,136,548	20,192,612	20,875,857
Non-controlling interests	17,029,486	17,732,215	813,162	805,324	17,842,648	18,537,539
	34,068,086	35,471,524	3,967,174	3,941,872	38,035,260	39,413,396
Dividend paid to non-controlling interests	25,000,000	14,999,999	-	-	25,000,000	14,999,999

17. Investments in subsidiaries (contd.)

(iii) Summarised statements of cash flows

	Lumut Maritime Terminal Sdn Bhd		Casuarina Hotel Management Sdn Bhd		Total	
	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM
Net cash from/(used in):						
Operating activities	52,196,934	47,978,950	19,930,774	21,589,192	72,127,708	69,568,142
Investing activities	(1,653,577)	1,288,630	(42,045,141)	(22,894,945)	(43,698,718)	(21,606,315)
Financing activities	(59,464,253)	(39,152,951)	(996,372)	(221,109)	(60,460,625)	(39,374,060)
Net (decrease)/increase in in cash and cash equivalents	(8,920,896)	10,114,629	(23,110,739)	(1,526,862)	(32,031,635)	8,587,767
Cash and cash equivalents at:						
Beginning of the year	71,033,348	60,918,719	27,708,139	29,234,901	98,741,487	90,153,620
End of the year	62,112,452	71,033,348	4,597,400	27,708,039	66,709,852	98,741,387

18. Investment in associate

	Group 2013 RM	2012 RM
Unquoted shares at cost	7,350,000	-
Group's share of post-acquisition losses	(5,286)	-
	7,344,714	-

Details of the associate held through PCB Development Sdn. Bhd. are as follows:

Name of associate	Country of incorporation	Principal activity	Percentage of equity held through subsidiary (%) 2013	2012
Animation Theme Park Sdn. Bhd.	Malaysia	Develop and operate theme park	49	-

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

(i) Summarised statement of financial position

	2013 RM	2012 RM
Non-current assets	13,876,318	-
Current assets	2,672,406	-
Total assets	16,548,724	-
Current liabilities	1,559,512	-
Net assets	14,989,212	-

(ii) Summarised statement of comprehensive income

	2013 RM	2012 RM
Revenue	-	-
Loss for the year	(10,787)	-

18. Investment in associate (contd.)

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

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	2013 RM	2012 RM
Net assets at 1 January	-	-
Issuance of shares	15,000,000	-
Comprehensive income for the year	(10,787)	-
Net assets at 31 December	14,989,213	-
Interest in associate	49%	-
Carrying value of Group's interest in associates	7,344,714	-

19. Other investments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current				
Available-for-sale financial assets:				
- Quoted shares in Malaysia *	97,997,201	29,732,100	-	-
At cost:				
Unquoted shares in Malaysia	25,000	25,000	25,000	25,000
Less: Accumulated impairment losses	-	(9,360)	-	(9,360)
	25,000	15,640	25,000	15,640
	98,022,201	29,747,740	25,000	15,640
Market value of quoted investment	97,997,201	29,732,100	-	-

* Certain quoted shares with carrying amount of RM27,800,000 (2012 : RM27,800,000) are pledged as security for bank facilities granted to a subsidiary as disclosed in Note 25.

19. Other investments (contd.)

During the financial year, a subsidiary, as a nominated appointee of the Company, accepted the transfer of 25,300,543 ordinary shares of RM1 each in Integrax Berhad ("Integrax"), representing an 8.41% equity interest in Integrax, for a total consideration of RM40,480,869 arising from the settlement of debt between the Company and Perak Equity Sdn. Bhd. as disclosed in Note 37(d). Upon completion of the transfer on 27 February 2013, the subsidiary holds a total of 46,690,543 ordinary shares, representing a 15.74% equity interest in Integrax.

20. Intangible assets

	Group 2013 RM	Group 2012 RM
Goodwill		
Cost		
At 1 January and at 31 December	23,829,682	23,829,682
Accumulated impairment losses		
At 1 January and at 31 December	18,679	18,679
Net carrying amount		
At 31 December	23,811,003	23,811,003

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

The annual impairment test of goodwill was based on its recoverable amount. The recoverable amount is determined based on value-in-use which was assessed by management using the estimated future net operating cashflows of the various strategic business units within LMTSB with an annual growth rate of 0% (2012 : 0%) discounted at 13% (2012 : 13%) annually to their present value covering a period of 5 years.

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

21. Inventories

	Group 2013 RM	Group 2012 RM
At cost:		
Completed properties	2,739,283	1,733,919
Tools and spares	5,206,764	4,597,322
	7,946,047	6,331,241

22. Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	15,827,624	46,497,101	-	-
Amounts due from related parties:				
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	12,192,854	12,889,442	-	-
	28,020,478	59,386,543	-	-
Less:				
Allowance for impairment				
Third parties	(5,642,759)	(4,487,496)	-	-
Trade receivables, net	22,377,719	54,899,047	-	-

22. Trade and other receivables (contd.)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current				
Other receivables				
Amounts due from related parties:				
Ultimate holding corporation	21,088,229	20,365,528	269,814	235,884
Subsidiaries	-	-	58,100,963	11,117,636
Fellow subsidiaries of ultimate holding corporation	73,934,367	110,017,261	72,211,965	108,722,432
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	-	121,109	-	-
	95,022,596	130,503,898	130,582,742	120,075,952
Deposits	1,275,616	929,918	11,101	250
Others	2,790,858	262,459	102,996	102,197
	99,089,070	131,696,275	130,696,839	120,178,399
Less:				
Allowance for impairment				
- Amount due from a subsidiary	-	-	(48,028)	(48,028)
	99,089,070	131,696,275	130,648,811	120,130,371
Total trade and other receivables	121,466,789	186,595,322	130,648,811	120,130,371
Add: Cash and bank balances (Note 24)	158,618,895	184,950,094	9,591,583	21,060,355
Total loans and receivables	280,085,684	371,545,416	140,240,394	141,190,726

(a) Trade receivables

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

22. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group 2013 RM	Group 2012 RM
Neither past due nor impaired	6,713,866	32,615,184
1 to 30 days past due not impaired	3,207,811	7,053,682
31 to 60 days past due not impaired	3,957,889	3,477,549
61 to 90 days past due not impaired	2,076,992	962,533
91 to 120 days past due not impaired	1,139,864	2,520,989
More than 121 days past due not impaired	5,281,297	8,269,110
	15,663,853	22,283,863
Impaired	5,642,759	4,487,496
	28,020,478	59,386,543

Receivables that are neither past due nor impaired

Included in trade receivables that are neither past due nor impaired are amounts totalling RM4,196,111 (2012 : RM17,147,263) representing amounts receivable from land sales debtors in which these amounts are deemed collectible as the land titles are secured under the subsidiary's name and will only be transferred to the purchasers upon their full settlements of the considerations. In the event that the purchaser defaults on the payments, it will be lawful under the Sale and Purchase Agreement ("Agreement") for the subsidiary to annul the sale of land and terminate the Agreement, following which the amounts paid up to 15% of the consideration will be forfeited and the subsidiary is entitled to resell the land.

Included in trade receivables of the Group in the previous year were amounts totalling RM6,743,680 payable by means of contra for works to be performed as negotiated by a subsidiary.

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

Receivables that are past due but not impaired

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

(a) amounts due from a related party of a subsidiary amounting to RM8,307,059 (2012 : RM5,697,284) arising from sales made in the ordinary course of business for which consistent payments are received from this debtor;

22. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

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

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

(b) amounts due from related parties of a subsidiary amounting to RM4,887 (2012 : RM4,887) which have been long outstanding and unsecured in nature. The directors are of the opinion that these amounts are fully recoverable;

(c) amounts due from land sales debtors amounting to RM1,975,045 (2012 : RM13,313,495). These amounts are deemed collectible as the land titles will only be transferred to the respective buyers upon their full settlement of the considerations;

(d) the remaining balances of trade receivables of RM5,376,862 (2012 : RM3,268,197) are due from creditworthy debtors which normally make payments beyond the credit period given with no recent history of default.

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

Receivables that are impaired

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

	Group	
	2013 RM	2012 RM
Trade receivables - nominal amounts	5,642,759	4,487,496
Less : Allowance for impairment	(5,642,759)	(4,487,496)
	-	-

Movement in allowance accounts:

	2013 RM	2012 RM
At 1 January	4,487,496	1,308,996
Charge for the year (Note 8)	1,200,000	3,424,726
Write off	-	(200,000)
Reversal of impairment loss on receivables	(44,737)	(46,226)
At 31 December	5,642,759	4,487,496

22. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

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

(b) Related party balances (current)

Amount due from ultimate holding corporation

The amount due from ultimate holding corporation included in other receivables of the Group is unsecured, non-interest bearing and repayable on demand by way of in-kind payment and contra of contract works for value of RM19,468,319 (2012 : RM19,468,319) and RM661,352 (2012 : RM661,352) respectively. The remaining balance will be settled in cash.

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

Amounts due from fellow subsidiaries of ultimate holding corporation

Included in the amounts due from fellow subsidiaries of the ultimate holding corporation of the Group and of the Company are advances together with accrued interests amounting to RM70,254,395 (2012 : RM107,197,216) due from Perak Equity Sdn. Bhd., ("PESB") a fellow subsidiary of its ultimate holding corporation, which are unsecured, bear interest rate of 3% (2012 : 3%) per annum and are repayable on demand.

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

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

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

Further details of the above settlement agreements are disclosed in Note 37(c) and 37(d).

23. Other current assets

	Group	
	2013	2012
	RM	RM
Prepayments	205,602	254,685

24. Cash and bank balances

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
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
	158,618,895	184,950,094	9,591,583	21,060,355

Included in cash and bank balances of the Group is an amount of RM167,286 (2012 : RM176,708) held in trust on behalf of the charity fund initiated by its ultimate holding corporation known as "Tabung Anak Yatim Islam dan Kebajikan PKNP".

Cash deposited in the designated disbursement and proceed accounts of a subsidiary amounting to RM11,359,629 (2012 : RM9,487,083) is not available for use by the Group as these amounts are reserved for the redemption of Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") as disclosed in Note 25.

Included in the deposits with licensed banks of the Group are amounts totalling RM1,277,533 (2012 : RM1,074,311) pledged as securities for guarantees and other bank facilities granted to certain subsidiaries as disclosed in Note 25.

The average interest rates of the deposits with licensed banks during the financial year range between 2.50% to 3.40% (2012 : 2.50% to 3.40%) per annum and the maturities of the deposits as at 31 December 2013 were between 1 day to 12 months (2012 : 1 day to 15 months).

Included in the deposits with licensed banks of the Group are deposits with licensed banks with maturity period more than three months amounting to RM30,300,000 (2012 : RM38,316,765).

25. Loans and borrowings

	Maturity	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current					
Secured:					
Hire purchase and finance lease liabilities (Note 26)	2013	169,572	223,769	54,709	61,665
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	2013	5,000,000	5,000,000	-	-
Revolving credits	On demand	12,000,000	12,000,000	-	-
		17,169,572	17,223,769	54,709	61,665
Unsecured:					
Revolving credits	On demand	60,000,000	60,000,000	60,000,000	60,000,000
		77,169,572	77,223,769	60,054,709	60,061,665
Non-current					
Secured:					
Hire purchase and finance lease liabilities (Note 26)	2013 - 2016	246,332	419,003	138,814	160,449
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	2013 - 2017	25,000,000	30,000,000	-	-
		25,246,332	30,419,003	138,814	160,449
Total borrowings					
Hire purchase and finance lease liabilities (Note 26)		415,904	642,772	193,523	222,114
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")		30,000,000	35,000,000	-	-
Revolving credits		72,000,000	72,000,000	60,000,000	60,000,000
		102,415,904	107,642,772	60,193,523	60,222,114
Maturity of borrowings (excluding hire purchase and finance lease and BaIDS):					
Within one year		72,000,000	72,000,000	60,000,000	60,000,000

25. Loans and borrowings (contd.)

Hire purchase and finance lease liabilities

The finance leases of the Group and of the Company bear interest at rates which range between 2.35% to 3.88% (2012 : 2.35% to 3.88%) per annum.

Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")

	Group	
	2013	**2012**
	RM	**RM**
Primary bonds	30,000,000	35,000,000
Secondary bonds	5,437,500	8,062,500
	35,437,500	43,062,500
Less: Secondary bonds	(5,437,500)	(8,062,500)
	30,000,000	35,000,000

	2013		2012	
	Primary bonds RM	**Secondary bonds RM**	**Primary bonds RM**	**Secondary bonds RM**
Maturity of BaIDS:				
Not later than 1 year	5,000,000	2,250,000	5,000,000	2,625,000
Later than 1 year and not later than 5 years	25,000,000	3,187,500	30,000,000	5,437,500
	30,000,000	5,437,500	35,000,000	8,062,500

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

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

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

25. Loans and borrowings (contd.)

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

The BaIDS are secured by way of:

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

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

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

The major covenants of the BaIDS are as follows:

Positive Covenants

The subsidiary shall:

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

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

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

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

Negative Covenants

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

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

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

25. Loans and borrowings (contd.)

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

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

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

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

Revolving credits (secured)

The revolving credits for share financing bear interest at a rate of 4.88% (2012 : 4.88%) per annum and are secured by way of :

a) Third party first fixed legal charge over a piece of leasehold land of the Company as disclosed in Note 16;
b) Quoted shares of a subsidiary as disclosed in Note 19;
c) Deposits with licensed banks of a subsidiary as disclosed in Note 24; and
d) Corporate guarantee of the Company.

Revolving credits (unsecured)

The revolving credits of the Group and of the Company bear interest at a rate of 5.9% (2012 : 5.9%) per annum.

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

26. Hire purchase and finance lease commitments

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	189,681	263,221	65,592	72,676
Later than 1 year and not later than 5 years	264,259	453,095	153,131	174,588
	453,940	716,316	218,723	247,264
Less: Finance charges	(38,036)	(73,544)	(25,200)	(25,150)
	415,904	642,772	193,523	222,114
Present value of payments:				
Amount due within 12 months (Note 25)	169,572	223,769	54,709	61,665
Amount due after 12 months (Note 25)	246,332	419,003	138,814	160,449
	415,904	642,772	193,523	222,114

27. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-current				
Other payables				
Amount due to related party:				
Ultimate holding corporation	5,059,485	4,912,485	-	-
Current				
Trade payables				
Third parties	14,982,168	3,263,600	19,526	-
Amount due to related parties:				
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	-	333,000	-	-
	14,982,168	3,596,600	19,526	-

27. Trade and other payables (contd.)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Other payables				
Subsidiary	-	-	10,004,099	565,409
Amounts due to related parties:				
Ultimate holding corporation	2,695,817	632,369	-	-
Fellow subsidiary of ultimate holding corporation	-	31,461	-	-
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	-	20	-	-
	2,695,817	663,850	10,004,099	565,409
Deposits received	11,700,281	354,293	214,288	214,288
Advances from purchasers	10,395,934	22,116,503	-	-
Tender deposits received from contractors	255,265	219,537	-	-
Accruals	6,051,724	6,405,830	1,176,214	1,769,729
Accruals for development expenditure	6,688,191	13,029,480	-	-
Sundry payables	2,458,279	7,571,955	-	-
	40,245,491	50,361,448	11,394,601	2,549,426
Total trade and other payables (current)	55,227,659	53,958,048	11,414,127	2,549,426
Total trade and other payables (non-current and current)	60,287,144	58,870,533	11,414,127	2,549,426
Add: Loans and borrowings (Note 25)	102,415,904	107,642,772	60,193,523	60,222,114
Total financial liabilities carried at amortised cost	162,703,048	166,513,305	71,607,650	62,771,540

(a) Trade payables

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

(b) Other payables

Included in sundry payables of the Group is an amount of RM1,011,161 (2012 : RM1,011,161) representing the balance of amount due arising from the acquisition of certain properties.

27. Trade and other payables (contd.)

(c) Amounts due to related parties (current)

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

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

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

The amount due to ultimate holding corporation is unsecured, bears administrative fee at a rate of 3% (2012 : 3%) per annum and is repayable within a period of five years.

28. Deferred tax

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

	At 1 January 2012 RM	Recognised in profit or loss RM	At 31 December 2012 RM	Recognised in profit or loss RM	As at 31 December 2013 RM
Deferred tax liabilities:					
Property, plant and equipment and port facilties	5,847,242	374,568	6,221,810	1,330,979	7,552,789
Deferred tax assets:					
Other provisions	(277,249)	(835,874)	(1,113,123)	(297,567)	(1,410,690)
	5,569,993	(461,306)	5,108,687	1,033,412	6,142,099

28. Deferred tax (contd.)

	Group 2013 RM	Group 2012 RM
Deferred tax assets	(1,410,690)	(1,113,123)
Deferred tax liabilities	7,552,789	6,221,810
	6,142,099	5,108,687

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

	Group 2013 RM	Group 2012 RM
Unutilised business losses	5,290	232
Unabsorbed capital allowances	265,560	329,816
Other deductible temporary differences	604,875	274,385
	875,725	604,433
Potential deferred tax benefits @ 25%	218,931	151,108

28. Deferred tax

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

	At 1 January 2012 RM	Recognised in profit or loss RM	At 31 December 2012 RM	Recognised in profit or loss RM	As at 31 December 2013 RM
Deferred tax liabilities:					
Property, plant and equipment	-	-	-	39,787	39,787

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

	Company 2013 RM	2012 RM
Other deductible temporary differences	30,141	8,824
Potential deferred tax benefits @ 25%	7,535	2,206

29. Share capital

	Number of ordinary shares of RM1 each 2013	2012	Amount 2013 RM	2012 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	100,000,000	100,000,000	100,000,000	100,000,000

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

30. Share premium

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

31. Fair value adjustment reserve

	Group 2013 RM	2012 RM
At 1 January	(2,176,023)	(3,449,971)
Available-for-sale financial assets:		
- gain on fair value changes	26,839,535	1,273,948
At 31 December	24,663,512	(2,176,023)

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

32. Retained earnings

As at 31 December 2013, the Company has tax exempts profits available for distribution as tax exempt dividend of approximately RM1,134,000 (2012 : RM1,134,000).

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM19,642,000 out of its retained earnings. The balance of the retained earnings as at 31 December 2012 and the entire retained earnings as at 31 December 2013 may be distributed as dividends under the single tier system.

33. Dividend

	Group and Company				
	Dividend in respect of Year			Dividends Recognised in Year	
	2013 RM	2012 RM	2011 RM	2013 RM	2012 RM
Recognised as at 31 December					
Final dividend for 2011: 3.0% less 25% taxation, on 100,000,000 ordinary shares	-	-	2,250,000	-	2,250,000
Final dividend for 2012: 8.5% less 25% taxation, on 100,000,000 ordinary shares	-	6,375,000	-	6,375,000	-
Tax exempt of 1.1 sen per share, on 100,000,000 ordinary shares	-	1,100,000	-	1,100,000	-
	-	7,475,000	2,250,000	7,475,000	2,250,000

34. Related party disclosures

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Transactions with the ultimate holding corporation				
Advances received	-	4,900,000	-	-
Administrative fee	777,584	12,485	-	-
Management fee expense	800,000	800,000	800,000	800,000
Project expenditure	800,000	800,000	800,000	800,000
Rental payable	351,782	351,782	351,782	351,782
Project management income	(879,348)	(90,478)	-	-
Rental income	(2,023,549)	(2,023,549)	(2,023,549)	(2,023,549)
Transfer of debts	-	16,998,097	-	-
Repayment of advances	19,600	2,489,132	19,600	19,600
Transactions with subsidiaries				
Repayment of advances	-	-	4,160,636	18,502,360
Advances paid	-	-	(50,748,739)	(8,706,409)
Management fee income	-	-	(132,000)	(132,000)
Contra payments with progress claims	-	-	(9,438,691)	(1,360,100)
Recharge of property development cost	-	-	9,112,439	7,892,681
Transactions with fellow subsidiaries of the ultimate holding corporation				
Interest income	(364,032)	(954,022)	(364,032)	(954,022)
Advances paid	(4,106,278)	(3,379,007)	(3,174,009)	(3,216,507)
Deposit paid for purchase of land	(1,250,000)	-	-	-
Management fees	(360,000)	(360,000)	-	-
Repayment of advances	40,945,828	4,936,658	40,480,869	1,596,447
Rental expenses	34,026	(31,461)	-	-
Transaction with a director				
Sale of land	103,748	-	-	-

34. Related party disclosures (contd.)

Transactions with related parties

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Fixed monthly charges	-	108,000	-	-
Port services receivable	(34,690,519)	(32,731,674)	-	-

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Account balances with the ultimate holding corporation				
Receivables	20,399,457	20,365,528	269,814	235,884
Payables	(6,286,427)	(632,369)	-	-
Account balances with fellow subsidiaries of ultimate holding corporation				
Receivables	73,805,814	110,017,261	184,633,356	108,722,432
Payables	-	(31,461)	-	-

34. Related party disclosures (contd.)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Receivables	11,217,031	13,010,551	-	-
Payables	(333,000)	(333,020)	-	-

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Salaries and allowances	2,801,709	2,809,915	407,402	668,630

Included in the total remuneration of key management personnel are:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Directors' remuneration	586,702	388,550	324,742	258,550

35. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date are as follows:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
(i) Authorised but not contracted for:				
Property, plant and equipment	30,000	10,000	10,000	10,000
Port facilities	8,583,687	10,757,471	-	-
Land and buildings	6,850,000	2,536,926	-	-
Renovations on building	6,483,000	2,815,501	248,000	-
Additional share purchase under other investments	22,980,000	22,980,000	-	-
	44,926,687	39,099,898	258,000	10,000
(ii) Authorised and contracted for:				
Port facilities	260,000	222,000	-	-
Land and buildings	11,250,000	66,753,218	-	-
	11,510,000	66,975,218	-	-

(b) Operating lease commitments - as lessor

A subsidiary has entered into a non-cancellable operating lease agreement to rent out an investment property to a third party.

This lease has a remaining non-cancellable lease term period of 5 years, commencing on 1 August 2011. The lease includes a clause with an option to renew the lease at the written request given not less than two months before the expiration of the lease term and upward revision of the rental charge on a yearly basis which shall not be more than ten percent of the last monthly rental upon renewal of the lease.

35. Commitments (contd.)

(b) Operating lease commitments - as lessor (contd.)

The future minimum lease payments under non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:

	Group 2013 RM	Group 2012 RM
Not later than 1 year	120,000	120,000
Later than 1 year and not later than 5 years	190,000	310,000
	310,000	430,000

The rental income recognised in profit or loss is disclosed in Note 8 and no contingent rent has been recognised during the financial year.

36. Contingent liabilities

The Company has provided the following guarantees as at the reporting date:

	Company 2013 RM	Company 2012 RM
Corporate guarantees given to banks for revolving credit facilities granted to a subsidiary (Note 25)	12,000,000	12,000,000

As at the reporting date, no values are ascribed to the corporate guarantees provided by the Company to secure banking facilities granted to the subsidiary whereby the Company monitors the performance of the subsidiary concerned closely to ensure the subsidiary meets its financial obligations. In view that there is minimal risk of default, the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

37. Significant and/or recurring events

(a) On 27 December 2011, the Company entered into a Settlement Agreement ("the Agreement") with Premium Meridian Sdn. Bhd. ("PMSB"), a subsidiary, for the purpose of settlement of intercompany balances owed by PMSB to the Company amounting to RM9,640,000 ("the Sum Due").

Pursuant to the Agreement, the Sum Due will be settled by way of the following:

(i) PMSB surrendering to the Company full rights and liabilities of ownership of certain parcels of land ("the Contra Land") comprising 48 acres of land located at Batang Padang, Mukim Hulu Bernam Timur, Perak at the agreed contra rate value of RM180,000 per acre, thereby setting off the sum of RM8,640,000;

(ii) assignment of sales proceeds receivable by PMSB to the Company totalling RM500,000; and

(iii) cash payment of RM500,000 within six months from the date of agreement.

PMSB surrendered the Contra Land to the Company upon execution of the Agreement and settled part of the amount as stated in Note 37(a)(iii) of RM100,000. The remaining sum due was in respect of Note 37(a)(ii) and balance of Note 37(a)(iii) as at the reporting date.

During the financial year, the sum due in respect of Note 37(a)(iii) was settled.

37. Significant and/or recurring events (contd.)

(b) On 28 December 2011, the Company entered into a Settlement Agreement ("the Agreement") with PCB Development Sdn. Bhd. ("PCBD"), a subsidiary, for the purpose of settlement of intercompany balances owed by PCBD to the Company amounting to RM33,737,361 ("the Sum Due").

Pursuant to the Agreement, PCBD had proposed a scheme of arrangement ("the Settlement Scheme") to repay the Sum Due by way of the following:

(a) Contra of infrastructure contract work performed by PCBD for the Company totalling RM7,468,217 which has been completed at the date of the Agreement;

(b) Payment through the sale proceeds of land receivable by PCBD of RM2,674,367 which is due in January 2012;

(c) Payment through the sale proceeds of land receivable by PCBD of RM592,416 which will be due in 2012;

(d) Payment through the proceeds from the proposed sale of land to be made by PCBD in 2012 amounting to RM11,660,577;

(e) Contra of infrastructure contract work to be performed by PCBD for the Company in 2012 amounting to RM7,892,681; and

(f) Contra of other infrastructure contract work to be performed by PCBD for the Company or in cash amounting to RM3,449,103.

During the financial year, the remaining amount of the Sum Due of RM3,258,288 was settled.

37. Significant and/or recurring events (contd.)

(c) On 28 February 2012, the Company entered into a conditional Settlement Agreement ("Settlement Agreement") with Perak Equity Sdn. Bhd. ("PESB"), a fellow subsidiary of its ultimate holding corporation to partially settle the total debt of RM104.62 million owing as at 31 December 2011 by PESB to the Company by way of set-off against the total purchase consideration of RM70.27 million for two properties to be acquired by the Company from PESB ("Proposed Settlement").

In tandem with the execution of the Settlement Agreement on 28 February 2012, the Company entered into two separate conditional Sale and Purchase Agreements ("S&P Agreements") to acquire the Settlement Lands from PESB ("Proposed Acquisitions").

The Settlement Lands with a total attributed value of RM70.27 million consist of the following:

(1) 1,002.939 acres of land to be provided with main infrastructure for the purpose of development of Bio-Tech Industrial Park, Forest Arboretum Technology Park and Herbal Park located at a proposed Perak Hi-Tech Park ("PHTP"), Off Jalan Kanthan/Sg Siput, Kanthan, Perak valued at RM38.13 million comprising:

(i) 96.118 acres of industrial land together with main infrastructure with an attributed value of RM17.80 million; and

(ii) 906.821 acres of agricultural land together with main infrastructure with an attributed value of RM20.33 million.

(collectively known as the "PHTP Lands")

37. **Significant and/or recurring events (contd.)**

(c) **(contd.)**

(2) Lands and buildings at Teluk Dalam Resort located at Pantai Teluk Dalam, Pulau Pangkor, Perak, valued at RM32.14 million comprising:

(i) land measuring approximately 10.33 acres together with one block of main building, office, cafeteria, hall, 32 units of chalets (Tanjung-Seaview) and 69 units of chalets (Melati) erected on the land with an attributed value of RM23.63 million; and

(ii) land measuring approximately 4.17 acres together with 34 units of bungalow chalets erected on the land with an attributed value of RM8.51 million,

all in 35 titles of land all in the Mukim of Lumut, District of Manjung in the state of Perak Darul Ridzuan, with one title, namely, H.S.(D) 29371, P.T. No. 13222 in Mukim of Lumut, District of Manjung, State of Perak Darul Ridzuan, designated as Malay Reserved Land ("Reserved Land").

(collectively known as the "Teluk Dalam Lands")

The Proposed Settlement and Proposed Acquisitions are subject to fullfillment of conditions precedent of the Agreements and the approvals of the following:

(i) the Shareholders of the Company at an Extraordinary General Meeting to be convened; and

(ii) the relevant authorities for the transfer and issue of the document of titles of the Settlement lands.

On 26 July 2012, the Proposed Settlement and Proposed Acquisitions have been duly approved by the Shareholders at an Extraordinary General Meeting.

37. **Significant and/or recurring events (contd.)**

(c) **(contd.)**

On 27 February 2013, the Company agreed to grant PESB an extension of time to the Extended Conditional Period, which was first due on 28 November 2012 and extended automatically to 28 February 2013, for an additional period of 6 months to 28 August 2013.

On 28 August 2013, an additional period of 6 months to 28 February 2014 ("Further Extended Conditional Period") was granted.

On 26 February 2014, the Company agreed to grant PESB an additional period of one year to the Further Extended Conditional Period to be due on 28 February 2015.

The Company has agreed to grant PESB the said extension on the basis that the following are still pending:

(a) the approval of the relevant authorities for the revocation of the status of "Pengisytiharan Rezab Melayu" on the Reserved Land in respect of the Teluk Dalam Lands; and
(b) the approval by the State Authority for the transfer of the PHTP Lands and Teluk Dalam Lands to the Company or its appointed nominee.

(d) On 27 November 2012, the Company has entered into a conditional Share Sale and Debt Settlement Agreement with PESB to acquire 25,300,543 ordinary shares of RM1 each representing an 8.41% equity interest in Integrax Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad, from PESB for a total consideration of RM40.48 million to be settled by way of set off against the PESB debt ("Proposed Final Debt Settlement").

On 22 January 2013, the Company has received approval from the shareholders for the Proposed Final Debt Settlement.

The transaction was completed on 27 February 2013.

37. Significant and/or recurring events (contd.)

(e) On 10 July 2012, the Company entered into a Transfer of Asset Agreement with a subsidiary to enable the rights of a parcel of land to be transferred to the subsidiary for a total consideration of RM6,207,300. This is to enable the subsidiary to enter into a formal sale and purchase agreement with a third party.

On 17 July 2012, the subsidiary entered into a Sale and Purchase agreement with a third party to dispose the parcel of land for a total consideration of RM7,187,400.

Subsequently, the Company signed a supplemental agreement with the subsidiary, to further clarify certain terms and conditions to be fulfilled.

As at the reporting date, the subsidiary has received deposit and partial payment totalling RM3,449,952 from the third party and the above transactions have yet to be completed pending the fulfillment of terms and conditions of the respective agreements.

(f) On 23 July 2012, the Company entered into a Transfer of Asset Agreement with a subsidiary to enable the rights of a parcel of land to be transferred to the subsidiary for a total consideration of RM4,883,076. This is to enable the subsidiary to enter into a formal sale and purchase agreement with a third party.

Subsequently, the Company signed a supplemental agreement with the subsidiary to further clarify certain terms and conditions to be fulfilled.

On 27 February 2013, the subsidiary entered into a Sale and Purchase agreement with a third party to dispose of the parcel of land for a total consideration of RM5,654,088.

As at the reporting date, the subsidiary has received advance payment of RM2,827,044 from the third party and the above transactions have yet to be completed pending the fulfillment of terms and conditions of the respective agreements.

37. **Significant and/or recurring events (contd.)**

(g) On 22 March 2013, PCB Development Sdn. Bhd. ("PCBD") entered into a Heads of Agreement with Sanderson Project Development (Malaysia) Sdn. Bhd. ("SPDM") for the participation in a joint venture company ("JV") for the purpose of developing and operating an international standard animation theme park, resort hotel and serviced apartments on certain parcels of land at Bandar Meru Raya, Ipoh, Perak ("Project"). The intended equity participation in the JV shall be 20% to be held by PCBD and 80% to be held by SPDM.

The rationale of the Project is to fulfil the BioD initiative development as well as to complement the development of BioD City and BioD Eco-Tourism undertaken by the Group to facilitate the national strategic policies providing various conducive environment for optimal economic growth.

PCBD and SPDM will enter into a Shareholders Agreement and a definitive Agreement within 6 months from the date of the Heads of Agreement or any extension as may be mutually agreed upon by the contracting parties to regulate the rights and obligations of the contracting parties and ensure the smooth running of the Project.

On 22 March 2013, PCBD entered into a Joint Venture Agreement ("JVA") and a Shareholders' Agreement ("SHA") with SPDM and the special purpose joint venture company now identified as Animation Theme Park Sdn Bhd ("ATP") to formalise and regularise the rights and obligations of the respective contracting parties and to facilitate the implementation of the Project.

On the same date, PCBD also entered into a Lease Agreement and a Sale and Purchase Agreement with ATP pertaining to the lease of certain parcels of land at BioD City for a period of sixty (60) years ("Lease Period") intended for the construction and operation of the animation theme park incorporating BioD concept ("BioD ATP") and the sale of another parcel of land at BioD City for the development of the resort hotel and serviced apartments respectively (the aforesaid agreements collectively hereinafter referred to as the "Agreements").

PCBD shall ultimately hold up to a total of 20% equity interest in ATP at a total cost of up to RM3 million to be financed through internally generated funds of PCBD.

On 15 July 2013, the Lease Agreement and the Sale and Purchase Agreement between PCBD and ATP had been revoked. On the same date, PCBD entered into a supplemental agreement to the JVA ("Supplemental JVA") and a supplemental agreeement to the SHA ("Supplemental SHA"). PCBD also entered into a fresh sale and purchase agreement ("Fresh SPA") with ATP.

The proposed project shall now comprise solely the development and operation of an international standard theme park namely "Bio-D Animation Theme Park". The proposed development of resort hotel/serviced apartments as stated above shall be excluded from the Proposed Project.

The Bio-D Animation Theme Park to be constructed on land previously to be leased from PCBD, shall now be acquired by ATP from PCBD. This freehold vacant land is located within BioD City of Bandar Meru Raya, Ipoh, Perak measuring a provisional area of approximately 24.8 acres.

37. Significant and/or recurring events (contd.)

(g) **(contd.)**

The Fresh SPA is executed to enable PCBD to dispose of the Project Land to ATP ("Proposed Disposal of Project Land") for a total consideration of RM46.5 million ("Purchase Consideration") to be settled by way of issuance of 46.5 million redeemable convertible preference shares of RM1 each at nominal value of RM0.01 each with attached premium of RM0.99 each in ATP ("RCPS"). In the event of any difference in the Purchase Consideration as a result of the variation in the provisional area of the Project Land, the increase or decrease in the Purchase Consideration (if any) shall be effected via additional or deduction of the corresponding number of RCPS.

SPDM, at the cost of ATP, shall be responsible for securing funding or financing arrangement for the development and construction of the Bio-D Animation Theme Park.

Upon fulfilment of all the conditions precedent under the SHA and the Supplemental SHA, PCBD shall ultimately hold up to a total of 49% equity interest in ATP at a total cost up to RM7.35 million to be financed through internally generated funds of PCBD.

As at the reporting date, the sale has yet to be recognised pending the fulfilment of terms and conditions of the respective agreements.

(h) On 27 March 2013, Lumut Maritime Terminal Sdn. Bhd. ("LMTSB"), a 50% plus 1 share-owned subsidiary of the Company, entered into an agreement with TNB Fuel Services Sdn. Bhd. ("TNBF") for LMTSB to provide related marine services to ships chartered or hired by TNBF for the carriage of coal that would arrive and unload at Lekir Bulk Terminal ("LBT") for the consumption of TNB Janamanjung Sdn. Bhd. ("TNBJ") power plants. TNBF has been appointed as the exclusive coal supplier to TNBJ for carriage of coal from various loading ports to LBT.

Lekir Bulk Terminal Sdn. Bhd. ("LBTSB"), the owner of LBT, is an 80% owned subsidiary of Pelabuhan Lumut Sdn. Bhd. ("PLSB"), a wholly owned subsidiary of Integrax Berhad ("Integrax") which is listed on the Main Market of Bursa Malaysia Securities Berhad. LMTSB is an associate of PLSB with 50% minus 1 share equity interest. The Company, via its wholly owned subsidiary, Taipan Merit Sdn. Bhd., holds 15.738% equity interest in Integrax.

LMTSB and LBTSB have entered into an Operation and Maintenance Agreement dated 30 June 2000 ("OMA") in which LMTSB is paid to run the terminal operations of LBT. The OMA runs on an initial term of 180 months up to 2017 and two 5-year terms which are renewable until 2027.

The aforesaid marine sevices comprise vessel handling, tuggage, pilotage, towage, pushing, berthing, unberthing, shifting and warping at the berths through the provision of tugboats, pilot boat and/or mooring boats, equipment and personnel to perform such services.

37. Significant and/or recurring events (contd.)

(h) **(contd.)**

Since 2002, LMTSB has been providing these marine services to TNBF. Pursuant to the said agreement, the existing arrangement shall continue at the current rates up to 31 March 2015, and thereafter, for a further period of 15 years to 31 March 2030, an agreed increase on the current rates based on cargo throughput shall apply.

The future estimated earnings of the Group are likely to increase due to the new rates and the additional cargo throughput of 3.0 million metric tons annually to be consumed upon the commissioning of the fourth unit of TNBJ power plant.

(i) On 4 April 2013, the Company entered into a Transfer of Asset Agreement with a subsidiary to enable the rights of a parcel of land to be transferred to the subsidiary for a total consideration of RM8,917,821. This is to enable the subsidiary to enter into a formal sale and purchase agreement with a third party.

Subsequently, the Company signed a supplemental agreement with the subsidiary to further clarify certain terms and conditions to be fulfilled.

On 12 April 2013, the subsidiary entered into a Sale and Purchase agreement with a third party to dispose of the parcel of land for a total consideration of RM10,325,898.

As at the reporting date, the subsidiary has received advance payment of RM5,162,949 from the third party and the above transactions have yet to be completed pending the fulfillment of terms and conditions of the respective agreements.

(j) On 4 December 2013, a subsidiary of the Company, PCB Development Sdn. Bhd. ("PCBD"), entered into two separate Sale and Purchase Agreement with The Red Snapper (M) Sdn. Bhd. (In Receivership) ("RSSB") to acquire two properties consisting of 44 parcels of leasehold land together with 2 blocks of double storey timber chalets, all in Mukim of Lumut, District of Manjung and a parcel of freehold vacant land at Mukim of Hulu Kinta, District of Kinta, Perak, for a total consideration of RM12.5 million. As at the reporting date, the agreements have yet to be completed as certain conditions precedent have not been fulffiled.

38. Fair value of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
Group				
At 31 December 2013				
Financial assets:				
Available-for-sale financial assets - Quoted shares (Note 19)	97,997,201	-	-	97,997,201
As 31 December 2012				
Financial assets:				
Available-for-sale financial assets - Quoted shares (Note 19)	29,732,100	-	-	29,732,100

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 - Inputs for the asset that are not based on observable market data (unobservable inputs)

38. Fair value of financial instruments (contd.)

(a) Fair value of financial instruments that are carried at fair value (contd.)

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 December 2013 and 2012.

The Group does not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2013 and 2012.

Determination of fair value

Fair value of the quoted shares are determined directly by reference to their published market bid price at reporting date.

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

		Group 31 December 2013		Company 31 December 2013	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets :					
Other investments (non-current)					
- Unquoted shares in Malaysia	19	25,000	#	25,000	#
Financial liabilities:					
Loans and borrowings (non-current)					
- Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	25	25,000,000	21,352,400	-	-
- Hire purchase and finance lease liabilities	26	246,332	305,113	138,814	138,230

38. Fair value of financial instruments (contd.)

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

	Note	Group 31 December 2012 Carrying amount RM	Group 31 December 2012 Fair value RM	Company 31 December 2012 Carrying amount RM	Company 31 December 2012 Fair value RM
Financial assets :					
Other investments (non-current)					
- Unquoted shares in Malaysia	19	15,640	#	15,640	#
Financial liabilities :					
Loans and borrowings (non-current)					
- Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	25	30,000,000	24,513,953	-	-
- Hire purchase and finance lease liabilities	26	419,003	481,055	160,449	166,821

\# Fair value information has not been disclosed for the Group's and the Company's investments in equity instruments that are carried at cost because fair value cannot be measured reliably.

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

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

	Note
Trade and other receivables (current)	22
Loans and borrowings (current)	25
Trade and other payables (current)	27

38. Fair value of financial instruments (contd.)

(c) **Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (contd.)**

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

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

39. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, foreign exchange, credit and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(i) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no substantial long-term interest-bearing assets as at 31 December 2013 and 2012. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

39. Financial risk management objectives and policies (contd.)

(i) Interest rate risk (contd.)

Sensitivity analysis for the interest rate risk

	Note	Effective interest rate per annum 2013 (%)	Effective interest rate per annum 2012 (%)	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Loans and borrowings							
- Hire purchase and finance lease liabilities	(a)	2.35 - 3.88	2.35 - 3.88	415,904	642,772	193,523	222,114
- BaIDS	(b)	7.50	7.50	30,000,000	35,000,000	-	-
- Revolving credits							
- secured	(c)	4.88	4.88	12,000,000	12,000,000	-	-
- unsecured	(d)	5.9	5.9	60,000,000	60,000,000	60,000,000	60,000,000
				102,415,904	107,642,772	60,193,523	60,222,114

(a) Any fluctuation in interest rate is not expected to have a material impact on the financial performance of the Group and the Company.

(b) The Group did not account for the fixed rate BaIDS at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect the financial performance of the Group.

(c) The interest rate charged by the financial institution is at fixed rate. The amount is repayable on demand. The Group expects that any fluctuation or revision in interest rate will have no significant impact on the financial performance of the Group.

(d) The borrowings are given to a subsidiary of the ultimate holding corporation and all interest being charged by the bank are also being recharged to the fellow subsidiary. The Company also charged 3% administrative charges for any amount of interest that was paid on its behalf. Therefore, any fluctuation in interest rate is not expected to have a material impact on the financial performance of the Group.

39. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

39. **Financial risk management objectives and policies (contd.)**

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2013								
Group								
Financial liabilities:								
Trade and other payables	27	55,227,659	-	-	-	5,059,485	-	60,287,144
Loan and borrowings								
- Hire purchase and finance lease liabilities	26	189,681	140,847	68,548	42,966	11,898	-	453,940
- Bai Bithaman Ajil Islamic Debt Securities	25	5,000,000	10,000,000	15,000,000	-	-	-	30,000,000
- Revolving credits	25	72,000,000	-	-	-	-	-	72,000,000

39. **Financial risk management objectives and policies (contd.)**

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2013								
Company								
Financial liabilities:								
Trade and other payables	27	11,414,127	-	-	-	-	-	11,414,127
Loan and borrowings								
- Hire purchase and finance lease liabilities	26	65,592	51,479	46,788	42,966	11,898	-	218,723
- Revolving credits	25	60,000,000	-	-	-	-	-	60,000,000

39. **Financial risk management objectives and policies (contd.)**

(ii) **Liquidity risk (contd.)**

Analysis of financial instruments by remaining contractual maturities (contd.)

	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2012								
Group								
Financial liabilities:								
Trade and other payables	27	53,958,048	-	-	-	4,912,485	-	58,870,533
Loan and borrowings								
- Hire purchase and finance lease liabilities	26	263,221	227,969	147,846	58,170	19,110	-	716,316
- Bai Bithaman Ajil Islamic Debt Securities	25	7,625,000	7,250,000	11,875,000	11,125,000	5,187,500	-	43,062,500
- Revolving credits	25	72,000,000	-	-	-	-	-	72,000,000

39. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2012								
Company								
Financial liabilities:								
Trade and other payables	27	2,549,426	-	-	-	-	-	2,549,426
Loan and borrowings								
- Hire purchase and finance lease liabilities	26	72,676	64,716	50,593	40,167	19,112	-	247,264
- Revolving credits	25	60,000,000	-	-	-	-	-	60,000,000

39. Financial risk management objectives and policies (contd.)

(iii) Foreign exchange risk

The Group’s sales transactions are mainly in Malaysian Ringgit and are thus not exposed to foreign exchange risk.

(iv) Credit risk

The Group’s credit policy and guidelines assess, evaluate and monitor credit risk of trade receivables. Credit risk is controlled via credit worthiness checking, credit limits, credit term setting and approval and credit risk exception reporting. Trade receivables are monitored on an ongoing basis as well as on a case by case basis, especially for the purchasers of land.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 22.

At the reporting date, approximately 96% (2012 : 74%) of the Group's trade and other receivables were due from related parties while 99% (2012 : 99%) of the Company's receivables were balances with related parties.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(v) Market price risk

The Group's principal exposure to market price risk arises mainly from changes in equity prices. The Group does not use derivative financial instruments to manage equity risk. Equity investments classified as non-current are held for the long term and the Group keeps itself updated on the latest financial performance and viability of such investments.

39. **Financial risk management objectives and policies (contd.)**

(v) Market price risk (contd.)

Sensitivity analysis for market price risk

At the reporting date, if the stock exchange quoted market bid prices had been 5% higher/lower, with all other variables held constant, the Group's total comprehensive income for the year would have been approximately RM1,486,000 (2012 : RM1,486,000) higher/lower, arising as a result of higher/lower fair value gains on available-for-sale financial assets.

40. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the businesses.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to ensure that the gearing ratio is kept low in order that it does not exceed 30% as far as possible to enable the Group to meet its financial obligations without encountering difficulties. The gearing equity ratios at 31 December 2013 and 2012 were as follows:

		Group	
	Note	**2013 RM**	**2012 RM**
Loans and borrowings	25	102,415,904	107,642,772
Trade and other payables	27	60,287,144	58,870,533
Less: Cash and bank balances	24	(158,618,895)	(184,950,094)
Net debt		4,084,153	(18,436,789)
Equity attributable to the owners of the Company		514,280,564	468,442,596
Less:- Fair value adjustment reserve		(24,663,512)	2,176,023
Total capital		489,617,052	470,618,619
Capital and net debt		493,701,205	452,181,830
Gearing ratio		1%	0%

41. Segmental information

Segment information is presented in respect of the Group’s business segments. No geographical segment analysis is prepared as the Group’s business activities are predominantly located in Malaysia.

The Group is organised into four (2012 : three) major business segments:

(i) Infrastructure

Maritime services in respect of the development of an integrated privatised project and encompassing operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities;

(ii) Township development

Township development of real property and ancillary services;

(iii) Hotel and tourism

Hotelier and restaurateur; and

(iv) Management services and others

Provision of management services and other business segments which include property investment and distribution, none of which are of a sufficient size to be reported separately.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of the Group's business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Within the Group's business segments, the financing resources (including finance costs) and income taxes are not apportioned to the individual strategic operating units. These are managed and allocated as a whole against the total operating profit or loss of the business segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms.

41. Segmental information (contd.)

2013	Infrastructure RM	Township development RM	Hotel and tourism RM	Management services and others RM	Total RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:								
External revenue	87,251,625	22,160,288	19,505,364	5,069,271	133,986,548	-		133,986,548
Inter-segment revenue	-	5,924,000	-	28,882,002	34,806,002	(34,806,002)	A	-
Total revenue	87,251,625	28,084,288	19,505,364	33,951,273	168,792,550	(34,806,002)		133,986,548
Results:								
Interest income	3,200,378	487,132	395,066	2,359,517	6,442,093	(720,968)		5,721,125
Dividend income	-	-		30,880,375	30,880,375	(28,750,001)	B	2,130,374
Depreciation	(2,983,586)	(403,555)	(574,811)	(240,071)	(4,202,023)			(4,202,023)
Finance costs	(2,643,259)	(14,689)	(989,572)	(599,960)	(4,247,480)	686,301		(3,561,179)
Share of result of associate	-	(5,286)	-	-	(5,286)			(5,286)
Reportable segment profit before income tax	44,901,846	9,489,084	5,294,581	28,688,287	88,373,798	(28,750,001)	B	59,623,797
Reportable segment profit after income tax	34,067,936	6,950,877	3,965,412	28,079,967	73,064,192	(28,750,001)	C	44,314,191

41. **Segmental information (contd.)**

	Infrastructure RM	Township development RM	Hotel and tourism RM	Management services and others RM	Total RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
2013 (contd.)								
Other non-cash items:								
Allowance for impairment loss in receivables	1,200,000	-	-	-	1,200,000			1,200,000
Allowance for impairment loss in other investment	-	-	-	(9,360)	(9,360)			(9,360)
Loss on disposal of:								
- property, plant and equipment	-	22,722	-	84,254	106,976			106,976
Property, plant and equipment written off	332	-	-	-	332			332
Reversal of allowance for impairment loss in receivables	(44,737)	-	-	-	(44,737)			(44,737)
Waiver of debts	(20,956)	-	-	-	(20,956)			(20,956)
At 31 December 2013								
Assets and liabilities								
Additions to non-current assets								
Property, plant and equipment	468,406	104,189	42,440,207	9,267,288	52,280,090			52,280,090
Port facilities	4,385,549	-	-	-	4,385,549			4,385,549
Reporting segment assets	192,037,627	153,169,389	89,343,134	673,341,922	1,107,892,072	(338,002,632)	D	769,889,440
Reporting segment liabilities	(45,999,664)	(31,571,431)	(35,638,713)	(86,691,898)	(199,901,706)	29,724,820	E	(170,176,886)

41. Segmental information (contd.)

2012	Infrastructure RM	Township development RM	Management services and others RM	Total RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:							
External revenue	98,325,558	43,941,692	15,115,215	157,382,465	-		157,382,465
Inter-segment revenue	-	10,221,354	25,131,001	35,352,355	(35,351,819)	A	536
Total revenue	98,325,558	54,163,046	40,246,216	192,734,820	(35,351,819)		157,383,001
Results:							
Interest income	2,611,510	447,525	3,002,321	6,061,356	(132,528)		5,928,828
Dividend income	-	-	25,873,113	25,873,113	(24,999,001)	B	874,112
Depreciation	(2,783,355)	(242,690)	(381,830)	(3,407,875)	-		(3,407,875)
Finance costs	(2,978,350)	(18,884)	(1,054,773)	(4,052,007)	-		(4,052,007)
Reportable segment profit before income tax	47,932,923	23,800,785	29,161,613	100,895,321	(24,999,001)	B	75,896,320
Reportable segment profit after income tax	35,471,178	17,680,128	26,126,049	79,277,355	(22,684,001)	C	56,593,354

41. Segmental information (contd.)

	Infrastructure RM	Township development RM	Management services and others RM	Total RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
2012 (contd.)							
Other non-cash items:							
Allowance for impairment loss in receivables	3,424,726	-	-	3,424,726	-		3,424,726
Allowance for impairment loss in other investment	-	-	701	701	-		701
Gain on disposal of:							
- property, plant and equipment	(4,099)	-	-	(4,099)	-		(4,099)
- port facilities	(7,999)	-	-	(7,999)	-		(7,999)
Property, plant and equipment written off	1,922	-	-	1,922	-		1,922
Port facilities written off	865	-	-	865	-		865
Reversal of provision for retirement benefits no longer required	-	-	(99,896)	(99,896)	-		(99,896)
Reversal of allowance for impairment loss in receivables	(46,226)	-	-	(46,226)	-		(46,226)
Waiver of debts	(21,636)	-	(2,125,642)	(2,147,278)	-		(2,147,278)
At 31 December 2012							
Assets and liabilities							
Additions to non-current assets							
Property, plant and equipment	315,393	8,550	23,855,559	24,179,502	-	E	24,179,502
Port facilities	1,019,615	-	-	1,019,615	-		1,019,615
Other investments	-	-	456,465	456,465	-		456,465
Reporting segment assets	212,987,329	157,022,207	648,391,352	1,018,400,888	(281,499,237)	D	736,901,651
Reporting segment liabilities	(51,017,301)	(38,945,671)	(99,056,749)	(189,019,721)	13,151,898	E	(175,867,823)

41. Segmental information (contd.)

Note	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.
A	Inter-segment revenue are eliminated on consolidation.
B	The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

	2013 RM	2012 RM
Inter-segment dividends elimination	(28,750,001)	(24,999,001)
Inter-segment sales elimination	(5,924,000)	(10,221,354)
Inter-segment costs elimination	5,924,000	10,221,354
	(28,750,001)	(24,999,001)

C The following items are added to/(deducted from) segment profit to arrive at "Profit net of tax" presented in the consolidated statement of comprehensive income.

	2013 RM	2012 RM
Inter-segment dividends elimination	(28,750,001)	(24,999,001)
Inter-segment sales elimination	(5,924,000)	(10,221,354)
Inter-segment costs elimination	5,924,000	10,221,354
Unallocated corporate expenses	-	2,315,000
	(28,750,001)	(22,684,001)

D The following items are added to/(deducted from) segment assets to arrive at total as

	2013 RM	2012 RM
Inter-segment assets elimination		
- subsidiaries	(361,813,635)	(305,310,240)
Goodwill on consolidation	23,811,003	23,811,003
	(338,002,632)	(281,499,237)

41. Segmental information (contd.)

Note	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (contd.)

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2013 RM	2012 RM
Inter-segment assets/liabilities elimination		
- subsidiaries	29,724,820	13,151,898

42. Subsequent events - Proposed Selective Capital Reduction and Repayment Exercise under Section 64 of the Companies Act 1965 ("Proposed SCR")

On 6 January 2014, the Company ("PCB") announced the receipt of a letter from Perbadanan Kemajuan Negeri Perak ("PKNPk"), on behalf and together with Fast Continent Sdn. Bhd. ("Fast Continent"), Cherry Blossom Sdn. Bhd. ("Cherry Blossom") and Perak Equity Sdn. Bhd. ("Perak Equity") (PKNPk, Fast Continent, Cherry Blossom and Perak Equity are collectively referred to as the "Non-Entitled Shareholders"), requesting PCB to undertake the Proposed SCR ("SCR Offer Letter") which will result in the Non-Entitled Shareholders holding the entire issued and paid-up share capital of PCB upon completion of the Proposed SCR.

On 15 January 2014, the Company announced that the Board has deliberated on the contents of the SCR Offer Letter and has resolved to table the Proposed SCR to the shareholders of PCB for their consideration and approval.

The Proposed SCR involves a selective share capital reduction and a corresponding capital repayment under Section 64 of the Companies Act, 1965 ("Act"), to all shareholders of PCB save for the Non-Entitled Shareholders ("Entitled Shareholders") whose names appear in the record of depositors as at the close of business of an entitlement date to be determined at a later date ("Entitlement Date").

As at 6 January 2014, PCB has an issued and paid up share capital of RM100,000,000 comprising 100,000,000 ordinary shares of RM1 each ("PCB Shares") out of which the Non-Entitled Shareholders collectively hold in total 52,898,403 PCB shares, representing approximately 52.90% of the issued and paid-up share capital of PCB.

Under the Proposed SCR, the Entitled Shareholders will receive a total cash payment of approximately RM183,696,228 which represents a cash amount of RM3.90 per PCB Share ("SCR Offer Price") held by the Entitled Shareholders on the Entitlement Date. The Non-Entitled Shareholders will waive their entitlement to the repayment of capital pursuant to the Proposed SCR in favour of the Entitled Shareholders.

42. Subsequent events - Proposed Selective Capital Reduction and Repayment Exercise under Section 64 of the Companies Act 1965 ("Proposed SCR") (contd.)

In view that the number of PCB Shares required to be cancelled to facilitate the Entitled Shareholders receiving the SCR Offer Price is more than existing issued and paid-up share capital of PCB as at 3 January 2014, a bonus issue of up to 88,696,228 new PCB Shares ("Bonus Shares") is proposed to be undertaken by PCB to increase the paid-up share capital of PCB ("Proposed Bonus Issue"). Pursuant to the Proposed Bonus Issue, the issued and paid-up share capital of PCB will be increased to RM188,696,228 comprising 188,696,228 PCB Shares. Accordingly, after the Proposed SCR, the issued and paid-up share capital of PCB will be reduced by way of cancellation of 183,696,228 PCB Shares, including the 88,696,228 Bonus Shares resulting in the issued and paid-up share capital of RM5,000,000 comprising 5,000,000 PCB Shares.

The 88,696,228 Bonus Shares, when issued, will be immediately cancelled under the Proposed SCR after issuance and hence will not be credited into the Central Depository System accounts of PCB shareholders and will not be listed on the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Proposed SCR can be summarised as follows:

	No. of PCB Shares	Par Value RM	RM
Existing issued and paid-up share capital of PCB as at 3 January 2014	100,000,000	1.00	100,000,000
Proposed Bonus Issue*	88,696,228	1.00	88,696,228
	188,696,228		188,696,228
Proposed SCR**	(183,696,228)	1.00	(183,696,228)
Resultant issued and paid-up share capital of PCB after the Proposed SCR	5,000,000	1.00	5,000,000

* It is proposed that PCB undertakes the Proposed Bonus Issue by way of capitalising its share premium account to facilitate the Proposed SCR. The number of Bonus Shares to be issued is based on approximately 0.89 Bonus Shares for every one (1) existing PCB Share held by the Entitled Shareholders.

** The Non-Entitled Shareholders will waive their respective entitlements to the repayment of capital pursuant to the Proposed SCR in favour of the remaining Entitled Shareholders. Based on the shareholding of the Entitled Shareholders of 47,101,597 PCB Shares as at 3 January 2014, taking into account the Proposed Bonus Issue, the Proposed SCR effectively translates to a cash payment of RM3.90 per PCB Share held by the Entitled Shareholders.

42. Subsequent events - Proposed Selective Capital Reduction and Repayment Exercise under Section 64 of the Companies Act 1965 ("Proposed SCR") (contd.)

Upon completion of the Proposed SCR, the Non-Entitled Shareholders will collectively hold the entire issued and paid-up share capital of PCB of RM5,000,000 comprising 5,000,000 PCB Shares.

On 5 March 2014, the Company announced that Affin Investment Bank Berhad ("AFFIN Investment") has submitted on its behalf an application in relation to the Proposed SCR dated 5 March 2014 to the Securities Commission Malaysia.

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 29 April 2014.

The rest of this page has been intentionally left blank

44. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and the Company as at 31 December 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total retained profits of the Company and its subsidiaries				
- Realised	199,093,474	334,514,261	62,766,620	69,706,783
- Unrealised	1,279,681	(5,108,687)	-	-
	200,373,155	329,405,574	62,766,620	69,706,783
Less:				
Consolidation adjustments	16,473,457	(131,557,395)	-	-
Retained profits as per financial statements	216,846,612	197,848,179	62,766,620	69,706,783

This page is intentionally left blank.

Perak Corporation Berhad

(Company No. 210915-U) INCORPORATED IN MALAYSIA

FORM OF PROXY

I/We ____
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

being a member / members of PERAK CORPORATION BERHAD, hereby appoint

____
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

or failing him/her,

____

of ____

as my/our proxy to vote for me/us and on my/our behalf, at the TWENTY-THIRD ANNUAL GENERAL MEETING of the Company to be held at AmanJaya Convention Centre, Casuarina @ Meru Hotel, No. 1-C, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on Friday, 27 June 2014 at 9:30 a.m. or at any adjournment thereof in the manner indicated below:

No.	Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2013 together with the Report of the Directors and Auditors thereon.		
2.	To approve the increase in Directors' fees for the year ended 31 December 2013 and the payment of Directors' fees thereon.		
3.	To re-elect Dato' Nasarudin bin Hashim who retires in accordance with Article 80 of the Company's Articles of Association.		
4.	To re-elect Dato' Wan Hashimi Albakri bin W.A.A. Jaffri who retires in accordance with Article 80 of the Company's Articles of Association.		
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	As special business: Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this _____ day of __________________ in the year ______.

Number of ordinary shares held

____
Signature/Seal

Notes:

1. *A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Act shall not apply.*
2. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
3. *When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof.*
6. *Only members whose names appear in the Record of Depositors as at 20 June 2014 will be entitled to attend and vote at the above Meeting.*
7. *The registration for the above Meeting will commence on Friday 27 June 2014 at 9:00 a.m.*

PRINTED ANNUAL REPORT REQUISITION FORM

Particulars of Shareholder: ____

NRIC No. / Passport No. / Company No.__________________________________

Correspondence Address: ____

____

____

____

CDS Account No.______________________________

Date: _________________________ Signature:______________________________

First Fold

stamp

THE SECRETARY
PERAK CORPORATION BERHAD Co. No. 210915-U
D-3-7, Greentown Square,
Jalan Dato' Seri Ahmad Said,
30450 Ipoh,
Perak Darul Ridzuan, Malaysia.

Second Fold

PERAK CORPORATION BERHAD (210915-U)
No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan

telephone
+6 (05) 501 9888

facsimile
+6 (05) 501 9999

website
www.pkcorp.com.my

Cover photo: Location of new headquarters at Menara PKNP