Company No.:
172003 - W

BCB BERHAD (172003 - W)

(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

30 JUNE 2014

Company No.:
172003 - W

BCB BERHAD

(Incorporated in Malaysia)

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BCB BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and hotel operations. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities for the Group and Company during the financial year.

FINANCIAL RESULTS

	Group RM	**Company RM**
Profit for the financial year	32,513,578	17,717,080
Attributable to:		
Owners of the parent	30,692,340	17,717,080
Non-controlling interests	1,821,238	-
	32,513,578	17,717,080

DIVIDEND

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

The Directors propose a final dividend of 3.0 sen per ordinary share, amounting to RM6,007,032 in respect of the financial year ended 30 June 2014, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no new issue of shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 2,000 (2013: 2,100) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM1,492 (2013: RM947). The average price paid for the shares repurchased was RM0.75 (2013: RM0.45) per share. Details of the treasury shares are set out in Note 16 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Dato' Tan Seng Leong
Tan Lay Hiang
Tan Lindy
Ash'ari bin Ayub
Datuk Seri Ismail Bin Yusof
Tan Vin Sern
Tan Vin Shyan
Low Kok Yung
Abd Manap Hussain (appointed on 30 January 2014)
M Arif Bin Kataman (resigned on 30 January 2014)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	<----- Number of ordinary shares of RM1.00 each ----->			
Shares in the Company	**Balance as at 1.7.2013**	**Bought**	**Sold**	**Balance as at 30.6.2014**
Direct interests:				
Dato' Tan Seng Leong	63,035,500	-	-	63,035,500
Tan Vin Sern	2,534,500	-	-	2,534,500
Tan Lay Hiang	491,100	-	-	491,100
Low Kok Yung	3,000	-	-	3,000
Indirect interests:				
Dato' Tan Seng Leong	2,665,500	-	-	2,665,500

By virtue of his interests in the ordinary shares in the Company, Dato' Tan Seng Leong is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interests in ordinary shares or debentures in the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have been derived by virtue of those transactions as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other 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 provision for doubtful debts and have satisfied themselves that there are no known bad debts and that provision need not be made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Group and of the Company;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) 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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) 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 as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Tan Seng Leong
Group Managing Director

Low Kok Yung
Group Finance Director

Kluang
21 October 2014

BCB BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 9 to 84 have been drawn up in accordance with Financial Reporting Standards and the provisions 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 30 June 2014 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 to the financial statements on page 85 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Tan Seng Leong
Group Managing Director

Low Kok Yung
Group Finance Director

Kluang
21 October 2014

STATUTORY DECLARATION

I, Dato' Tan Seng Leong, being the Director primarily responsible for the financial management of BCB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 85 are, to the best of my knowledge and belief, 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 above named at)
Kluang, Johor this)
21 October 2014)

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BCB BERHAD

Report on the Financial Statements

We have audited the financial statements of BCB Berhad, which comprise statements of financial position as at 30 June 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 84.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal 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 errors.

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 the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

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 of 30 June 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BCB BERHAD (continued)

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 of which we have acted as auditors 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 Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those proposes.

(c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The information set out in Note 37 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

BDO	**Se Kuo Shen**
AF: 0206	2949/05/16 (J)
Chartered Accountants	Chartered Accountant

Johor Bahru
21 October 2014

BCB BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

		Group		Company	
		2014	2013	2014	2013
ASSETS	**Note**	**RM**	**RM**	**RM**	**RM**
NON-CURRENT ASSETS					
Property, plant and equipment	7	65,521,435	65,190,514	58,773,473	60,126,529
Investment properties	8	25,848,949	24,875,625	11,635,000	11,635,000
Land held for property development	9	83,262,951	96,765,889	13,143,352	13,048,606
Investment in subsidiaries	10	-	-	51,400,010	50,200,010
Deferred tax assets	11	-	43,898	-	-
		174,633,335	186,875,926	134,951,835	135,010,145
CURRENT ASSETS					
Property development costs	12	509,824,363	446,990,659	193,998,072	184,251,347
Inventories	13	68,048,893	65,183,827	10,508,043	9,319,289
Trade and other receivables	14	117,182,288	59,432,683	217,079,730	180,959,870
Current tax assets		1,685,886	1,923,870	-	1,114,295
Cash and bank balances	15	21,884,424	22,454,280	11,660,711	8,395,150
		718,625,854	595,985,319	433,246,556	384,039,951
TOTAL ASSETS		893,259,189	782,861,245	568,198,391	519,050,096
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	16	206,250,000	206,250,000	206,250,000	206,250,000
Treasury shares	16	(3,116,712)	(3,115,220)	(3,116,712)	(3,115,220)
Revaluation reserve	17	6,788,088	6,788,088	6,788,088	6,788,088
Retained earnings	18	174,336,162	144,245,498	103,628,431	85,911,351
		384,257,538	354,168,366	313,549,807	295,834,219
Non-controlling interests		8,895,758	6,816,200	-	-
TOTAL EQUITY		393,153,296	360,984,566	313,549,807	295,834,219
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	19	154,251,926	164,125,291	28,065,029	45,790,686
Deferred tax liabilities	11	908,951	3,252,438	1,137,088	3,568,048
		155,160,877	167,377,729	29,202,117	49,358,734
CURRENT LIABILITIES					
Trade and other payables	20	157,500,000	75,017,851	89,724,587	46,853,550
Borrowings	19	180,336,462	177,666,444	134,043,038	127,003,593
Current tax liabilities		7,108,554	1,814,655	1,678,842	-
		344,945,016	254,498,950	225,446,467	173,857,143
TOTAL LIABILITIES		500,105,893	421,876,679	254,648,584	223,215,877
TOTAL EQUITY AND LIABILITIES		893,259,189	782,861,245	568,198,391	519,050,096

The accompanying notes form an integral part of the financial statements.

BCB BERHAD

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		Group		**Company**	
		2014	**2013**	**2014**	**2013**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	23	281,944,979	164,578,865	161,938,157	68,853,372
Cost of sales	24	(197,907,237)	(111,801,643)	(112,537,249)	(44,572,496)
Gross profit		84,037,742	52,777,222	49,400,908	24,280,876
Other operating income		9,392,348	11,571,792	2,300,920	8,209,399
Administrative expenses		(30,586,674)	(27,659,297)	(18,848,903)	(17,374,917)
Marketing and selling expenses		(4,041,802)	(4,289,515)	(3,273,169)	(2,922,349)
Other operating expenses		(3,575,134)	(1,442,710)	-	-
Finance income	25	12,117	16,217	-	-
Finance costs	25	(11,431,186)	(10,049,492)	(8,648,682)	(6,845,826)
Profit before tax	26	43,807,411	20,924,217	20,931,074	5,347,183
Tax expense	27	(11,293,833)	(4,822,679)	(3,213,994)	(195,239)
Profit for the financial year		32,513,578	16,101,538	17,717,080	5,151,944
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		32,513,578	16,101,538	17,717,080	5,151,944
Profit attributable to:					
Owners of the parent		30,692,340	15,803,860	17,717,080	5,151,944
Non-controlling interests		1,821,238	297,678	-	-
					-
		32,513,578	16,101,538	17,717,080	5,151,944
Earnings per share attributable to owners of the parent (sen)					
- Basic and diluted	29	15.33	7.89		

The accompanying notes form an integral part of the financial statements.

Company No.:
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BCB BERHAD

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

			Non-distributable		Distributable		
Group	**Note**	**Share capital RM**	**Treasury shares RM**	**Revaluation reserve RM**	**Retained earnings RM**	**Non-controlling interests RM**	**Total equity RM**
Balance as at 1 July 2012		206,250,000	(3,114,273)	6,788,088	128,441,638	6,518,522	344,883,975
Profit for the financial year		-	-	-	15,803,860	297,678	16,101,538
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	15,803,860	297,678	16,101,538
Transaction with owners							
Purchase of treasury shares	16	-	(947)	-	-	-	(947)
Total transaction with owners		-	(947)	-	-	-	(947)
Balance as at 30 June 2013		206,250,000	(3,115,220)	6,788,088	144,245,498	6,816,200	360,984,566
Profit for the financial year		-	-	-	30,692,340	1,821,238	32,513,578
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	30,692,340	1,821,238	32,513,578
Transactions with owners							
Purchase of treasury shares	16	-	(1,492)	-	-	-	(1,492)
Additional non-controlling interests arising on a business combination		-	-	-	-	400,000	400,000
Acquisition of non-controlling interests		-	-	-	(376,676)	(223,324)	(600,000)
Dilution of non-controlling interests		-	-	-	(225,000)	225,000	-
Dividend to non-controlling interests		-	-	-	-	(143,356)	(143,356)
Total transactions with owners		-	(1,492)	-	(601,676)	258,320	(344,848)
Balance as at 30 June 2014		206,250,000	(3,116,712)	6,788,088	174,336,162	8,895,758	393,153,296

Company No.:
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BCB BERHAD

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (continued)

			Non-distributable		Distributable	
Company	**Note**	**Share capital RM**	**Treasury shares RM**	**Revaluation reserve RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 July 2012		206,250,000	(3,114,273)	6,788,088	80,759,407	290,683,222
Profit for the financial year		-	-	-	5,151,944	5,151,944
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	5,151,944	5,151,944
Transaction with owners						
Purchase of treasury shares	16	-	(947)	-	-	(947)
Total transaction with owners		-	(947)	-	-	(947)
Balance as at 30 June 2013		206,250,000	(3,115,220)	6,788,088	85,911,351	295,834,219
Profit for the financial year		-	-	-	17,717,080	17,717,080
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	17,717,080	17,717,080
Transaction with owners						
Purchase of treasury shares	16	-	(1,492)	-	-	(1,492)
Total transaction with owners		-	(1,492)	-	-	(1,492)
Balance as at 30 June 2014		206,250,000	(3,116,712)	6,788,088	103,628,431	313,549,807

The accompanying notes form an integral part of the financial statements.

Company No.:
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BCB BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		43,807,411	20,924,217	20,931,074	5,347,183
Adjustments :					
Bad debts written off		-	51,631	-	-
Depreciation of property, plant and equipment	7	2,769,084	2,257,241	2,284,239	1,932,720
Dividend income	23	-	-	(10,717,333)	(3,761,334)
Fair value adjustment on investment properties	8	(2,448,824)	(3,446,564)	-	(3,446,564)
Gain on disposals of:					
- property, plant and equipment		(65,049)	(556,223)	(65,000)	(118,176)
- investment properties		(411,850)	(202,367)	-	-
Inventories written off		897	528	-	-
Interest income	25	(12,117)	(16,217)	-	-
Interest expense	25	11,431,186	10,049,492	8,648,682	6,845,826
Property, plant and equipment written off	7	890	812	358	706
Operating profit before working capital changes		55,071,628	29,062,550	21,082,020	6,800,361
Changes in working capital:					
Property development costs		(32,238,524)	(68,395,062)	(2,078,230)	(27,612,496)
Inventories		(1,473,306)	34,334,579	203,903	1,887,974
Trade and other receivables		(57,749,605)	(7,342,263)	(36,119,860)	20,821,254
Trade and other payables		82,482,149	14,532,909	42,871,037	4,869,943
Cash generated from operations		46,092,342	2,192,713	25,958,870	6,767,036
Interest received	25	12,117	16,217	-	-
Tax paid		(10,136,337)	(5,201,913)	(4,108,813)	(1,560,581)
Tax refunded		2,074,798	128,831	1,256,996	3,395
Net cash from/(used in) operating activities		38,042,920	(2,864,152)	23,107,053	5,209,850

Company No.:
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BCB BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (continued)

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to land held for property development	9	(1,369,571)	(580,411)	(94,746)	(7,811)
Acquisition of a subsidiary	33(c)	-	-	(1,200,000)	-
Acquisition of non-controlling interests		(600,000)	-	-	-
Dividends received	23	-	-	10,717,333	3,761,334
Proceeds from disposals of:					
- property, plant and equipment		65,050	1,637,706	65,000	157,055
- investment properties		1,887,350	1,702,367	-	-
Purchase of property, plant and equipment	7	(2,784,896)	(4,850,650)	(931,541)	(4,182,134)
Net cash (used in)/from investing activities		(2,802,067)	(2,090,988)	8,556,046	(271,556)
CASH FLOWS FROM FINANCING ACTIVITIES					
Deposits pledged to licensed banks		(310,815)	(419,094)	-	(400,000)
Dividends paid to non-controlling interests		(143,356)	-	-	-
Interest paid		(28,546,514)	(30,509,116)	(17,709,834)	(9,178,314)
(Repayments)/Drawdowns of bank borrowings		(9,558,980)	36,220,508	(11,729,776)	6,720,767
Ordinary share capital contributed by non-controlling interests of subsidiaries		400,000	-	-	-
Purchase of treasury shares	16	(1,492)	(947)	(1,492)	(947)
Repayments to hire purchase creditors		(479,998)	(733,681)	(401,682)	(596,315)
Net cash (used in)/from financing activities		(38,641,155)	4,557,670	(29,842,784)	(3,454,809)
Net (decrease)/increase in cash and cash equivalents		(3,400,302)	(397,470)	1,820,315	1,483,485
Cash and cash equivalents at beginning of financial year		(34,613,305)	(34,215,835)	(46,182,921)	(47,666,406)
Cash and cash equivalents at end of financial year	15(c)	(38,013,607)	(34,613,305)	(44,362,606)	(46,182,921)

The accompanying notes form an integral part of the financial statements.

Company No.:
172003 - W

BCB BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business and the registered office of the Company are located at No. 4B, 2nd & 3rd Floor, Jalan Sentol, South Wing - Kluang Parade, 86000, Kluang, Johor.

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 October 2014.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and hotel operations. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities for the Group and Company during the financial year.

3. BASIS OF PREPARATION

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

However, Note 37 to the financial statements set out on page 85 has been 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 ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and al its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if anf only if the Group has:
(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of profit or loss and other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date of the Group gains control until the date the Group ceases to control the subsidiary.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

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

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

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

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for hotel properties are stated at cost less any accumulated depreciation and any accumulated impairment losses. Hotel properties are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Hotel properties comprise leasehold land, hotel buildings and their integral plant and machineries. Hotel properties are revalued with sufficient regularity to ensure that carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost or valuation of the assets to their estimated residual values on a straight line basis over their estimated useful lives. The principal annual depreciation periods and rates are as follows:

Leasehold land	87 years
Hotel properties	50 - 87 years
Buildings	50 years
Plant and machinery	20%
Motor vehicles	20%
Renovation	15%
Furniture, fittings and office equipment	10% - 20%

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amounts is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to give a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and building are allocated between the land and the buildings elements in proportion to the relative fair value of the leasehold interests in the land element and the buildings element of the leave at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Property development activities

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Property development activities (continued)

(b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprised the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

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

When revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in profit or loss, the balance is classified as progress billings under current liabilities.

4.7 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

4.8 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair value of investment properties are based on valuation by registered independent valuers with appropriate recognised professional qualification and by reference to market evidence of transaction prices for similar properties.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss in the period of the retirement or disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Investment in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost (or in accordance with FRS 139). Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.10 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investment in subsidiaries), inventories, assets arising from construction contracts, property development costs, investment properties measured at fair value and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (‘CGU’) to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the statement of comprehensive income when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU.

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets’ recoverable amount since the last impairment loss was recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Impairment of non-financial assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve accounts of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.11 Inventories

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

Cost of completed development properties comprises proportionate land and development expenditure and is determined on the specific identification basis. Cost of consumable stocks refer to construction materials and is determined using the first-in, first-out formula. Cost of food and beverages is determined on a weighted average basis. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition.

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.

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash on another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

(iii) Loans and receivables

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(a) Financial assets (continued)

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement (continued):

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group’s right to receive payment is established.

Cash and bank balances include cash and cash equivalents, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

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

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(b) Financial liabilities (continued)

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(c) Equity (continued)

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.13 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

<u>Loans and receivables</u>

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial 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 loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates 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 impairment reversed is recognised in profit or loss.

4.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to either:

(a) the same taxable entity; or

(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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 by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.18 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expenses in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period’s entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Employee benefits (continued)

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.19 Functional and presentation currency

Item included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ('RM'), which is the Company's functional and presentation currency.

Item included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

4.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the value of work certified to date as a percentage of the total value of projects.

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

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Revenue recognition (continued)

(b) Hotel operations income

Hotel operations income comprises letting of hotel rooms, sales of food and beverages and other hotel related income, and is recognised upon delivery of products, customer acceptance and performance of services, net of service and sales taxes and discounts.

(c) Construction contracts

Profit from contract works are recognised on a percentage of completion method. Percentage of completion is measured by reference to the survey of work performed.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract cost are recognised as an expense in the period in which they are incurred.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(e) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

(f) Project management fees

Management fee in respect of rendering of management and consultation services is recognised in the statements of profit or loss and other comprehensive income when services are rendered.

(g) Dividend income

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

(h) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group’s chief operating decision maker in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) the absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group’s revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.22 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Fair value measurement

The fair value of an asset or a liability, (except for lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRSs

5.1 New FRSs adopted during the current financial year

Title	Effective Date
FRS 10 *Consolidated Financial Statements*	1 January 2013
FRS 11 *Joint Arrangements*	1 January 2013
FRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13 *Fair Value Measurement*	1 January 2013
FRS 119 *Employee Benefits (2011)*	1 January 2013
FRS 127 *Separate Financial Statements*	1 January 2013
FRS 128 *Investments in Associates and Joint Ventures (revised)*	1 January 2013
Amendments to FRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to *FRSs Annual Improvements 2009-2011 Cycle*	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

There is no impact upon adoption of the above FRSs, Amendments to FRSs and IC Interpretations during the current financial year other than the following:

i. FRS 12, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

The adoption of this Standard has no effect on the financial position or results of the Group. Additional disclosures where required, are disclosed in Note 10 to the financial statements.

ii. FRS 13, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole FRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other FRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously included in other FRSs have now been amalgamated to FRS 13.

Whilst there have been some rewording of the previous guidance on FRS 13, there are very few changes to the previous fair value measurement requirements. Instead, FRS 13 is intended to clarify the measurement objective, harmonises the disclosure requirements, and improve consistency in the application of fair value measurement.

Application of FRS 13 has not materially impacted the fair value measurements of assets or liabilities of the Group and has no effect on the financial position or results of the Group. Additional disclosures where required, are provided in Note 7, 8 and 35 to the financial statements. FRS 13 is to be applied prospectively and therefore certain comparative information has not been presented by the Group in respect of the new disclosure requirements.

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRSs (continued)

5.2 New FRSs that have been issued, but not yet effective and not yet adopted

Title	**Effective Date**
Amendments to FRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 12 *Disclosure of Interests in Other Entities: Investment Entities*	1 January 2014
Amendments to FRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Amendments to FRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to FRS Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Amendments to FRS Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014
Mandatory Effective Date of FRS 9 and Transition Disclosures	Deferred
FRS 9 *Financial Instruments* (2009)	Deferred
FRS 9 *Financial Instruments* (2010)	Deferred
FRS 9 *Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)*	Deferred
FRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 116 and FRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 11 *Accounting for Acquisition of Interests in Joint Operations*	1 January 2016

The Group is in the process of assessing the impact of the adoption of these FRSs, Amendments to FRSs and IC Interpretations since the effects would only be observable in future financial year ending 30 June 2015.

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRSs (continued)

5.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year

Based on the MASB announcement on 2 September 2014, the effective date for the adoption of MFRS Framework by transitioning entities (i.e. entities affected by MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate) was deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined by the MASB, the Group has elected to continue to apply the FRS Framework up till its financial year ending 30 June 2017 and will adopt the following Standards of the MFRS Framework that were issued by the MASB during the financial year ending 30 June 2018.

Title	**Effective Date**
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2017
Amendments to MFRS 1 *Government Loans*	1 January 2017
MFRS 2 *Share-based Payment*	1 January 2017
MFRS 3 *Business Combinations*	1 January 2017
MFRS 4 *Insurance Contracts*	1 January 2017
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2017
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2017
MFRS 7 *Financial Instruments: Disclosures*	1 January 2017
Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2017
MFRS 8 *Operating Segments*	1 January 2017
Mandatory Effective Date of MFRS 9 and Transition Disclosures	Deferred
MFRS 9 *Financial Instruments*	Deferred
MFRS 9 *Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)*	Deferred
MFRS 10 *Consolidated Financial Statements*	1 January 2017
MFRS 11 *Joint Arrangements*	1 January 2017
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2017
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2017
MFRS 13 *Fair Value Measurement*	1 January 2017
MFRS 14 *Regulatory Deferral Accounts*	1 January 2017
MFRS 15 *Revenue from Contracts with Customers*	1 January 2017
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2017
Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*	1 January 2017

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5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRSs (continued)

5.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year (continued)

Title	Effective Date
MFRS 101 *Presentation of Financial Statements*	1 January 2017
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 January 2017
MFRS 102 *Inventories*	1 January 2017
MFRS 107 *Statement of Cash Flows*	1 January 2017
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2017
MFRS 110 *Events After the Reporting Period*	1 January 2017
MFRS 112 *Income Taxes*	1 January 2017
MFRS 116 *Property, Plant and Equipment*	1 January 2017
Amendments to MFRS 116 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2017
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2017
MFRS 117 *Leases*	1 January 2017
MFRS 119 *Employee Benefits*	1 January 2017
MFRS 119 *Employee Benefits (revised)*	1 January 2017
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 January 2017
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2017
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2017
MFRS 123 *Borrowing Costs*	1 January 2017
MFRS 124 *Related Party Disclosures*	1 January 2017
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2017
MFRS 127 *Separate Financial Statements*	1 January 2017
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2017
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2017
MFRS 132 *Financial Instruments: Presentation*	1 January 2017
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2017
MFRS 133 *Earnings Per Share*	1 January 2017
MFRS 134 *Interim Financial Reporting*	1 January 2017
MFRS 136 *Impairment of Assets*	1 January 2017
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2017
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2017
MFRS 138 *Intangible Assets*	1 January 2017
Amendments to MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2017
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2017
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2017
MFRS 140 *Investment Property*	1 January 2017
MFRS 141 *Agriculture*	1 January 2017
Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle*	1 January 2017

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRSs (continued)

5.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year (continued)

Title	**Effective Date**
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 January 2017
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 January 2017
Improvements to MFRSs (2008)	1 January 2017
Improvements to MFRSs (2009)	1 January 2017
Improvements to MFRSs (2010)	1 January 2017
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2017
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2017
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2017
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2017
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2017
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2017
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2017
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2017
IC Interpretation 12 *Service Concession Arrangements*	1 January 2017
IC interpretation 14 *MFRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*	1 January 2017
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2017
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2017
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2017
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2017
IC Interpretation 21 *Levies*	1 January 2017
IC Interpretation 107 *Introduction of the Euro*	1 January 2017
IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*	1 January 2017
IC Interpretation 112 *Consolidation – Special Purpose Entities*	1 January 2017
IC Interpretation 113 *Jointly Controlled Entities – Non-monetary Contributions by Ventures*	1 January 2017
IC Interpretation 115 *Operating Leases - Incentives*	1 January 2017
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2017
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2017
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2017
IC Interpretation 132 *Intangible Assets - Web Site Costs*	1 January 2017

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for the financial year ending 30 June 2018.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

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

(a) Classification between investment properties and property, plant and equipment and inventories

The Group has developed certain criteria based on FRS 140 *Investment Property* 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.

During the financial year, the Group temporarily rented out certain properties in inventories but decided not to treat this property as an investment property because it is not the intention of the Group to hold this property in the long-term for capital appreciation or rental income. Accordingly, this property is still classified as inventories.

(b) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with FRS 117.

(c) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies (continued)

(d) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

(e) Contingent liabilities

The determination of treatment of contingent liabilities and assets is based on Director's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(f) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment in accordance with accounting policy stated in Note 4.4 to the financial statements on property, plant and equipment and depreciation. These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Investment in subsidiaries and impairment of amounts due from subsidiaries

Management reviews the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of amounts due from subsidiaries when the receivables are long outstanding. The recoverable amounts of the investments in subsidiaries and amounts due from subsidiaries are assessed by reference to the fair value of the underlying assets.

(c) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(d) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(e) Fair value of borrowings

The fair value of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(f) Recognition of revenue from 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 measured by reference to the value of work certified to date as a percentage of the total value of the projects.

Significant judgements are 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.

(g) Recognition of revenue from construction contract

The Group recognises construction contract revenue and expenses in the statements of profit or loss and other comprehensive income using the stage of completion method. The stage of completion is determined by the survey of work performed.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

(h) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions and calculations for which the ultimate tax determination of whether additional tax will be due is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of additional taxes that will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which the outcome is known.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(i) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);
(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
(iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

(i) Property, plant and equipment (hotel properties), Note 7 to the financial statements;
(ii) Investment properties, Note 8 to the financial statements; and
(iii) Financial instruments; Note 35 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2014	Balance as at 1.7.2013 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.6.2014 RM
Carrying amount						
Freehold land	5,410,566	-	-	-	-	5,410,566
Leasehold land	2,909,890	-	-	-	(36,374)	2,873,516
Hotel properties, at valuation	38,693,330	-	-	-	(558,315)	38,135,015
Buildings	8,766,609	375,700	-	-	(280,201)	8,862,108
Plant and machinery	7,904	12,563	-	(2)	(5,034)	15,431
Motor vehicles	1,825,700	457,655	-	(1)	(527,848)	1,755,506
Renovation	3,228,852	673,726	-	-	(514,597)	3,387,981
Furniture, fittings and office equipment	4,347,663	1,581,252	(1)	(887)	(846,715)	5,081,312
	65,190,514	3,100,896	(1)	(890)	(2,769,084)	65,521,435

Group 2014	<------------------------------ At 30 June 2014 Cost RM	Valuation RM	Accumulated depreciation RM	-------------------------------> Carrying amount RM
Freehold land	5,410,566	-	-	5,410,566
Leasehold land	3,164,506	-	(290,990)	2,873,516
Hotel properties, at valuation	-	40,997,058	(2,862,043)	38,135,015
Buildings	12,674,434	-	(3,812,326)	8,862,108
Plant and machinery	1,504,852	-	(1,489,421)	15,431
Motor vehicles	5,791,575	-	(4,036,069)	1,755,506
Renovation	8,964,560	-	(5,576,579)	3,387,981
Furniture, fittings and office equipment	17,627,786	-	(12,546,474)	5,081,312
	55,138,279	40,997,058	(30,613,902)	65,521,435

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2013	Balance as at 1.7.2012 RM	Reclassification from investment properties (Note 8) RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.6.2013 RM
Carrying amount							
Freehold land	6,068,325	-	-	(657,759)	-	-	5,410,566
Leasehold land	2,946,264	-	-	-	-	(36,374)	2,909,890
Hotel properties, at valuation	26,657,434	12,365,000	-	-	-	(329,104)	38,693,330
Buildings	9,424,585	-	-	(382,409)	-	(275,567)	8,766,609
Plant and machinery	13,620	-	-	-	(105)	(5,611)	7,904
Motor vehicles	1,193,039	-	1,248,133	(38,880)	(1)	(576,591)	1,825,700
Renovation	1,140,284	-	2,458,730	-	-	(370,162)	3,228,852
Furniture, fittings and office equipment	2,577,486	-	2,437,150	(2,435)	(706)	(663,832)	4,347,663
	50,021,037	12,365,000	6,144,013	(1,081,483)	(812)	(2,257,241)	65,190,514

Group 2013	<---------- At 30 June 2013 ---------- Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM ---------->
Freehold land	5,410,566	-	-	5,410,566
Leasehold land	3,164,506	-	(254,616)	2,909,890
Hotel properties, at valuation	-	40,997,058	(2,303,728)	38,693,330
Buildings	12,298,734	-	(3,532,125)	8,766,609
Plant and machinery	1,494,269	-	(1,486,365)	7,904
Motor vehicles	5,887,613	-	(4,061,913)	1,825,700
Renovation	8,290,834	-	(5,061,982)	3,228,852
Furniture, fittings and office equipment	16,087,220	-	(11,739,557)	4,347,663
	52,633,742	40,997,058	(28,440,286)	65,190,514

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company **2014**	**Balance as at 1.7.2013 RM**	**Additions RM**	**Written off RM**	**Depreciation charge for the financial year RM**	**Balance as at 30.6.2014 RM**
Carrying amount					
Freehold land	2,256,097	-	-	-	2,256,097
Leasehold land	2,909,890	-	-	(36,374)	2,873,516
Hotel properties, at valuation	38,693,330	-	-	(558,315)	38,135,015
Buildings	8,330,553	-	-	(228,848)	8,101,705
Motor vehicles	1,263,609	-	-	(339,447)	924,162
Renovation	2,926,655	617,868	-	(458,085)	3,086,438
Furniture, fittings and office equipment	3,746,395	313,673	(358)	(663,170)	3,396,540
	60,126,529	931,541	(358)	(2,284,239)	58,773,473

Company **2014**	**<------ At 30 June 2014 ------>** **Cost RM**	**Valuation RM**	**Accumulated depreciation RM**	**Carrying amount RM**
Freehold land	2,256,097	-	-	2,256,097
Leasehold land	3,164,506	-	(290,990)	2,873,516
Hotel properties, at valuation	-	40,997,058	(2,862,043)	38,135,015
Buildings	11,442,406	-	(3,340,701)	8,101,705
Plant and machinery	1,172,082	-	(1,172,082)	-
Motor vehicles	3,521,651	-	(2,597,489)	924,162
Renovation	8,230,468	-	(5,144,030)	3,086,438
Furniture, fittings and office equipment	14,147,457	-	(10,750,917)	3,396,540
	43,934,667	40,997,058	(26,158,252)	58,773,473

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2013	Balance as at 1.7.2012 RM	Reclassification from investment properties (Note 8) RM	Additions RM	Disposal RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.6.2013 RM
Carrying amount							
Freehold land	2,256,097	-	-	-	-	-	2,256,097
Leasehold land	2,946,264	-	-	-	-	(36,374)	2,909,890
Hotel properties, at valuation	26,657,434	12,365,000	-	-	-	(329,104)	38,693,330
Buildings	8,559,401	-	-	-	-	(228,848)	8,330,553
Motor vehicles	840,959	-	901,165	(38,879)	-	(439,636)	1,263,609
Renovation	1,001,897	-	2,259,608	-	-	(334,850)	2,926,655
Furniture, fittings and office equipment	2,305,481	-	2,005,528	-	(706)	(563,908)	3,746,395
	44,567,533	12,365,000	5,166,301	(38,879)	(706)	(1,932,720)	60,126,529

Company 2013	<------ At 30 June 2013 ------> Cost RM	Valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	2,256,097	-	-	2,256,097
Leasehold land	3,164,506	-	(254,616)	2,909,890
Hotel properties, at valuation	-	40,997,058	(2,303,728)	38,693,330
Buildings	11,442,406	-	(3,111,853)	8,330,553
Plant and machinery	1,172,082	-	(1,172,082)	-
Motor vehicles	4,047,844	-	(2,784,235)	1,263,609
Renovation	7,612,600	-	(4,685,945)	2,926,655
Furniture, fittings and office equipment	13,834,283	-	(10,087,888)	3,746,395
	43,529,818	40,997,058	(24,400,347)	60,126,529

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The hotel properties of the Group and of the Company stated at valuation were last revalued on 15 May 2013 by an independent qualified valuer, using a combination of the comparison and investment methods to reflect the fair value.

Carrying amount of the revalued hotel properties, had these assets been carried at cost less accumulated depreciation is RM20,616,068 (2013: RM20,981,546).

(b) The fair value of hotel properties (at valuation) of the Group and the Company are categorised as follows:

Group and Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2014				
Hotel properties	-	38,135,015	-	38,135,015
2013				
Hotel properties	-	38,693,330	-	38,693,330

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2014 and 30 June 2013.

(ii) Level 2 fair value of hotel properties (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

(iii) The fair value measurements of the hotel properties (at valuation) are based on the highest and best use which does not differ from their actual use.

(c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Purchase of property, plant and equipment	3,100,896	6,144,013	931,541	5,166,301
Financed by hire purchase and lease arrangements	(316,000)	(1,293,363)	-	(984,167)
Cash payments on purchase of property, plant and equipment	2,784,896	4,850,650	931,541	4,182,134

(d) The carrying amount of the property, plant and equipment of the Group and of the Company under finance leases at the end of the reporting period are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Carrying amount of motor vehicles under finance lease	1,536,223	1,734,946	921,482	1,257,152

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) The carrying amount of the property, plant and equipment of the Group and of the Company that have been charged to the bank as security for bank borrowings as at the end of the reporting period are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Carrying amount of property, plant and equipment pledged as security for bank borrowings (Note 19):				
- freehold land	2,256,097	5,410,566	2,256,097	2,256,097
- buildings	8,101,705	8,766,609	8,101,705	8,330,553
- hotel properties including leasehold land	41,008,531	41,603,220	41,008,531	41,603,220
	51,366,333	55,780,395	51,366,333	52,189,870

8. INVESTMENT PROPERTIES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
At beginning of the financial year	24,875,625	35,294,061	11,635,000	20,553,436
Fair value adjustments	2,448,824	3,446,564	-	3,446,564
Reclassification to property, plant and equipment (Note 7)	-	(12,365,000)	-	(12,365,000)
Disposals	(1,475,500)	(1,500,000)	-	-
At end of the financial year	25,848,949	24,875,625	11,635,000	11,635,000
Investment properties pledged as security for borrowings (Note 19)	13,280,000	15,150,000	11,635,000	11,635,000

(a) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Repair and maintenance	75,428	115,577	-	32,493
Quit rent and assessment	391,810	23,273	355,745	6,643

8. INVESTMENT PROPERTIES (continued)

(b) The fair value of investment properties of the Group and of the Company are categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2014				
Buildings	-	25,848,949	-	25,848,949
2013				
Buildings	-	24,875,625	-	24,875,625
Company				
2014				
Buildings	-	11,635,000	-	11,635,000
2013				
Buildings	-	11,635,000	-	11,635,000

(i) There was no transfer between Level 1, Level 2, and Level 3 fair value measurements during the financial years ended 30 June 2014 and 30 June 2013.

(ii) Investment properties at Level 2 fair value was recommended by the valuer as at the end of reporting period based on comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square feet basis and by reference to market evidence of transaction prices for similar properties.

(iii) The fair value measurement of the investment properties are based on the highest and best use which does not differ from its actual use.

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Freehold land including improvements, at cost:				
At beginning of the financial year	96,765,889	47,263,912	13,048,606	13,040,795
Additions	1,369,571	580,411	94,746	7,811
Transfer (to)/from property development costs (Note 12)	(14,872,509)	48,921,566	-	-
At end of the financial year	83,262,951	96,765,889	13,143,352	13,048,606
Carrying amount of land held for property development pledged as security for borrowings (Note 19)	40,751,439	84,281,603	6,282,249	564,320

10. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	56,400,010	55,200,010
Less: Impairment losses	(5,000,000)	(5,000,000)
	51,400,010	50,200,010

(a) The details of subsidiaries are as follows:

	Interest in equity held by Company		Interest in equity held by Subsidiaries		
Name of company	**2014 %**	**2013 %**	**2014 %**	**2013 %**	**Principal activities**
Subsidiaries					
Johbase Development Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
BCB Management Sdn. Bhd.	100%	100%	-	-	Provision of project management services
BCB Construction Sdn. Bhd.	100%	100%	-	-	Provision of project construction services
BCB Concrete Sdn. Bhd.	100%	100%	-	-	Manufacturing of concrete products
BCB Road Builder Sdn. Bhd.	100%	100%	-	-	Provision of road construction services
BCB Resources Sdn. Bhd.	100%	100%	-	-	Property development
BCB Land Sdn. Bhd.	100%	100%	-	-	Property development
BCB Trading Sdn. Bhd.	100%	100%	-	-	Trading of building materials
Golden Power Construction Sdn. Bhd.	100%	100%	-	-	Provision of landscaping services
BCB Development Sdn. Bhd.	70%	70%	-	-	Property development
Global Earnest Sdn. Bhd.	86.60%	86.19%	-	-	Property development

10. INVESTMENT IN SUBSIDIARIES (continued)

(a) The details of subsidiaries are as follows (continued):

	Interest in equity held by				
	Company		Subsidiaries		
Name of company	**2014 %**	**2013 %**	**2014 %**	**2013 %**	**Principal activities**
Subsidiaries					
BCB Technologies Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Laser Lagun Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
Luna Starcity Sdn. Bhd.	100%	100%	-	-	Property development and letting of properties
BCB Furniture Sdn. Bhd.	100%	100%	-	-	Furniture manufacturing
BCB Heights Sdn. Bhd.	60%	-	-	-	Property development
Subsidiary of BCB Development Sdn. Bhd.					
Total Builder Generation Sdn. Bhd.	-	-	100%	-	Provision of project construction services

(b) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

2014	**Global Earnest Sdn. Bhd.**	**BCB Development Sdn. Bhd.**	**BCB Heights Sdn. Bhd.**	**Total Builder Generation Sdn. Bhd.**	**Total**
NCI percentage of ownership and voting interest	13.40%	30.00%	40.00%	30.00%	
Carrying amount of NCI (RM)	7,391,585	1,459,621	(101,678)	146,230	8,895,758
Profit/(loss) allocated to NCI (RM)	179,260	2,222,426	(501,678)	(78,770)	1,821,238

10. INVESTMENT IN SUBSIDIARIES (continued)

(b) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows (continued):

2013	Global Earnest Sdn. Bhd.	BCB Development Sdn. Bhd.	Total
NCI percentage of ownership and voting interest	13.81%	30.00%	
Carrying amount of NCI (RM)	7,431,238	(762,805)	6,816,200
Profit/(loss) allocated to NCI (RM)	887,202	(589,524)	297,678

(c) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2014	Global Earnest Sdn. Bhd. RM	BCB Development Sdn. Bhd. RM	BCB Heights Sdn. Bhd. RM	Total Builder Generation Sdn. Bhd. RM
Assets and liabilities				
Non-current assets	112,562	1,674,017	776,780	1,478,493
Current assets	82,918,517	179,152,819	34,653,512	10,815,141
Non-current liabilities	-	(97,910,014)	-	(62,510)
Current liabilities	(28,046,275)	(78,328,391)	(35,684,488)	(11,743,691)
Net assets	54,984,804	4,588,431	(254,196)	487,433
Results				
Revenue	300,000	35,485,189	-	9,645,635
Profit/(Loss) for the financial year	1,317,600	7,408,087	(1,254,196)	(262,567)
Total comprehensive income/(loss)	1,317,600	7,408,087	(1,254,196)	(262,567)
Cash flows from:				
- operating activities	21,998	(17,762,385)	(973,038)	1,168,073
- investing activities	1,813,231	(977,557)	-	(1,543,561)
- financing activities	(6,728,127)	17,655,138	1,000,000	750,000
Net (decrease)/increase in cash and cash equivalents	(4,892,898)	(1,084,804)	26,962	374,512
Dividend paid to NCI	143,356	-	-	-

10. INVESTMENT IN SUBSIDIARIES (continued)

(c) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (continued):

	Global Earnest Sdn. Bhd. RM	BCB Development Sdn. Bhd. RM
2013		
Assets and liabilities		
Non-current assets	182,417	868,675
Current assets	89,913,186	141,705,167
Non-current liabilities	-	(82,799,792)
Current liabilities	(36,285,043)	(62,593,706)
Net assets/(liabilities)	53,810,560	(2,819,656)
Results		
Revenue	18,400,143	-
Profit/(Loss) for the financial year	6,424,345	(2,242,054)
Total comprehensive income/(loss)	6,424,345	(2,242,054)
Cash flows from/(used in)		
- operating activities	6,167,002	(3,557,570)
- investing activities	(22,624,719)	5,881,550
- financing activities	10,491,712	1,258,422
Net (decrease)/increase in cash and cash equivalents	(5,966,005)	3,582,402

11. DEFERRED TAX

(a) The deferred tax liabilities and assets are made up of the following:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance as at 1 July 2013/2012	(3,208,540)	(3,572,980)	(3,568,048)	(4,122,026)
Recognised in profit or loss (Note 27)	2,299,589	364,440	2,430,960	553,978
Balance as at 30 June 2014/2013	(908,951)	(3,208,540)	(1,137,088)	(3,568,048)

11. DEFERRED TAX (continued)

(a) The deferred tax liabilities and assets are made up of the following (continued):

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Presented after appropriate offsetting:				
Deferred tax assets	4,207,809	4,355,456	4,124,999	4,311,558
Offset against deferred tax liabilities	(4,207,809)	(4,311,558)	(4,124,999)	(4,311,558)
Net deferred tax asset	-	43,898	-	-
Deferred tax liabilities	(5,116,760)	(7,563,996)	(5,262,087)	(7,879,606)
Offset against deferred tax assets	4,207,809	4,311,558	4,124,999	4,311,558
Net deferred tax liabilities	(908,951)	(3,252,438)	1,137,088	(3,568,048)

(b) The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM
At 1 July 2013	(7,563,996)
Recognised in the profit or loss	2,447,236
At 30 June 2014	(5,116,760)
At 1 July 2012	(7,571,064)
Recognised in the profit or loss	7,068
At 30 June 2013	(7,563,996)

Deferred tax assets of the Group

	Unabsorbed capital allowances RM
At 1 July 2013	4,355,456
Recognised in the profit or loss	(147,647)
At 30 June 2014	4,207,809
At 1 July 2012	3,998,084
Recognised in the profit or loss	357,372
At 30 June 2013	4,355,456

11. DEFERRED TAX (continued)

(b) The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Group

	Unabsorbed capital allowances RM
At 1 July 2013	4,355,456
Recognised in the profit or loss	(147,647)
At 30 June 2014	4,207,809
At 1 July 2012	3,998,084
Recognised in the profit or loss	357,372
At 30 June 2013	4,355,456

Deferred tax liabilities of the Company

	Property, plant and equipment RM
At 1 July 2013	(7,879,606)
Recognised in the profit or loss	2,617,519
At 30 June 2014	(5,262,087)
At 1 July 2012	(7,924,994)
Recognised in the profit or loss	45,388
At 30 June 2013	(7,879,606)

Deferred tax assets of the Company

	Unabsorbed capital allowances RM
At 1 July 2013	4,311,558
Recognised in the profit or loss	(186,559)
At 30 June 2014	4,124,999
At 1 July 2012	3,802,968
Recognised in the profit or loss	508,590
At 30 June 2013	4,311,558

11. DEFERRED TAX (continued)

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position is as follows:

	Group	
	2014 RM	2013 RM
Unutilised tax losses	4,722,638	3,763,777
Unabsorbed capital allowances	166,372	-
	4,889,010	3,763,777

Deferred tax assets of certain subsidiaries had not been recognised in respect of these items as it is not probable that taxable profits of certain subsidiaries would be available against which the deductible temporary differences could be utilised. The deductible temporary differences do not expire under the current tax legislation.

12. PROPERTY DEVELOPMENT COSTS

Group 2014	Freehold land RM	Development costs RM	Accumulated cost charged to profit or loss RM	Total RM
At Cost				
At beginning of financial year	248,770,551	537,525,292	(339,305,184)	446,990,659
Costs incurred	-	238,985,299	-	238,985,299
Transfer from land held for property development (Note 9)	9,944,172	4,928,337	-	14,872,509
Transfer to inventories	(62,431)	(1,330,226)	-	(1,392,657)
Reversal of completed projects	(676,554)	(15,681,691)	16,358,245	-
Recognised as expense in profit or loss as part of cost of sales (Note 24)	-	-	(189,631,447)	(189,631,447)
At end of financial year	257,975,738	764,427,011	(512,578,386)	509,824,363
2013				
At Cost				
At beginning of financial year	300,925,796	403,690,891	(268,360,531)	436,256,156
Costs incurred	-	159,799,339	-	159,799,339
Transfer to land held for property development (Note 9)	(48,921,566)	-	-	(48,921,566)
Transfer to inventories	(76,500)	(614,267)	-	(690,767)
Reversal of completed projects	(3,157,179)	(25,350,671)	28,507,850	-
Recognised as expense in profit or loss as part of cost of sales (Note 24)	-	-	(99,452,503)	(99,452,503)
At end of financial year	248,770,551	537,525,292	(339,305,184)	446,990,659

12. PROPERTY DEVELOPMENT COSTS (continued)

Company 2014	Freehold land RM	Development costs RM	Accumulated cost charged to profit or loss RM	Total RM
At Cost				
At beginning of financial year	79,157,493	229,304,197	(124,210,343)	184,251,347
Costs incurred	-	121,591,387	-	121,591,387
Transfer to inventories	(62,431)	(1,330,226)	-	(1,392,657)
Reversal of completed projects	(676,554)	(15,681,691)	16,358,245	-
Recognised as expense in profit or loss as part of cost of sales (Note 24)	-	-	(110,452,005)	(110,452,005)
At end of financial year	78,418,508	333,883,667	(218,304,103)	193,998,072
2013				
At Cost				
At beginning of financial year	79,157,493	158,192,125	(83,043,255)	154,306,363
Costs incurred	-	71,112,072	-	71,112,072
Recognised as expense in profit or loss as part of cost of sales (Note 24)		-	(41,167,088)	(41,167,088)
At end of financial year	79,157,493	229,304,197	(124,210,343)	184,251,347

The freehold land held under development has been charged to banks for credit facilities granted as disclosed in Note 19 to the financial statements.

Borrowing costs of the Group and of the Company amounting of RM17,115,328 and RM9,061,152 (2013: RM20,459,624 and RM2,332,488) respectively, arose from bank borrowings for property development activities, were capitalised during the financial year on interest rates ranging from 6.8% to 8.6% (2013: 5.1% to 8.6%) per annum.

13. INVENTORIES

	Group		Company	
At cost	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Completed development units	65,995,107	64,738,665	10,232,181	9,047,905
Food and beverages	275,862	271,384	275,862	271,384
Consumable stocks	1,777,924	173,778	-	-
	68,048,893	65,183,827	10,508,043	9,319,289
Inventories pledged as securities for borrowings (Note 19)	32,244,233	18,617,153	5,245,039	9,047,905

During the financial year, the Group has written off inventories amounted to RM897 (2013:RM528).

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables				
Third parties	52,933,502	27,256,441	28,833,460	8,193,644
Related parties	2,616,538	8,819,273	-	4,171
Amounts due from customers for contract works (Note 22)	10,517,579	11,230,383	-	-
	66,067,619	47,306,097	28,833,460	8,197,815
Other receivables				
Other receivables	9,494,748	7,555,659	1,326,328	1,415,256
Amounts due from subsidiaries	-	-	182,624,567	169,260,458
	9,494,748	7,555,659	183,950,895	170,675,714
Loans and receivables	75,562,367	54,861,756	212,784,355	178,873,529
Deposits and prepayments				
Deposits	40,639,712	3,711,110	3,986,073	1,886,072
Prepayments	980,209	859,817	309,302	200,269
	41,619,921	4,570,927	4,295,375	2,086,341
	117,182,288	59,432,683	217,079,730	180,959,870

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company ranges from cash terms to 90 days (2013: 90 days). They are recognised at their original invoiced amounts, which represent their fair value on initial recognition.

(b) All receivable balances are denominated in Ringgit Malaysia (‘RM’).

(c) The amounts due from subsidiaries are interest-free, unsecured and payable on demand in cash and cash equivalents.

(d) The ageing analysis of trade receivables (third parties and related parties exclude amounts due from customers for contract works) of the Group and of the Company are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Neither past due nor impaired	24,885,662	19,446,358	18,487,207	6,149,455
<u>Past due but not impaired</u>				
Under 30 days	12,835,089	3,676,276	2,054,920	799,830
31 to 60 days	5,842,361	1,264,073	784,550	150,416
61 days to 120 days	10,642,661	5,659,420	7,506,783	1,098,114
Over 120 days	1,344,267	6,029,587	-	-
	30,664,378	16,629,356	10,346,253	2,048,360
Past due and impaired	-	-	-	-
	55,550,040	36,075,714	28,833,460	8,197,815

14. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables (third parties exclude amounts due from customers for contract works) of the Group and of the Company are as follows (continued):

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. Receivables of the Group that are overdue but not impaired are mainly related to the progress billings to be settled by end-buyers financiers.

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

Trade receivables that are past due but not impaired

Trade receivables of the Group and of the Company that are past due but not impaired are mainly related to the progress billings to be settled by end-buyers financiers.

Trade receivables that are past due but not impaired are unsecured in nature.

Trade receivables that are past due and impaired

Trade receivables of the Group that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(e) Included in trade receivables of the Group are retention sums for contract works amounting of RM1,229,596 (2013: RM2,226,994). The retention sums are unsecured, interest-free and are expected to be collected within one (1) year.

(f) Included in deposits of the Group are earnest deposits paid for acquisition of land amounting of RM34,600,000 (2013: RMNil).

(g) In the previous financial year, the Group had written off bad debts of RM51,631 against other receivables.

(h) Information on financial risks of trade and other receivables are disclosed in Note 36 to the financial statements.

15. CASH AND BANK BALANCES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	19,024,610	19,905,281	9,760,711	6,495,150
Deposits with licensed banks	2,859,814	2,548,999	1,900,000	1,900,000
	21,884,424	22,454,280	11,660,711	8,395,150

(a) Included in cash and bank balances of the Group and of the Company are amounts of RM12,360,458 (2013: RM5,605,604) and RM7,707,326 (2013: RM3,694,785) respectively held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002.

(b) Information on financial risks of cash and bank balances are disclosed in Note 36 to the financial statements.

15. CASH AND BANK BALANCES (continued)

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash and bank balances	19,024,610	19,905,281	9,760,711	6,495,150
Deposits with licensed banks	2,859,814	2,548,999	1,900,000	1,900,000
Bank overdrafts included in borrowings (Note 19)	(57,038,217)	(54,518,586)	(54,123,317)	(52,678,071)
	(35,153,793)	(32,064,306)	(42,462,606)	(44,282,921)
Less: Deposits pledged to licensed banks	(2,859,814)	(2,548,999)	(1,900,000)	(1,900,000)
	(38,013,607)	(34,613,305)	(44,362,606)	(46,182,921)

The Group's and Company's deposits with licensed banks are pledged as securities for credit facilities granted to the Group and the Company (Note 19).

(d) All cash and bank balances are denominated in Ringgit Malaysia ('RM').

16. SHARE CAPITAL

	Group and Company	
	2014	2013
	RM	RM
Ordinary shares of RM1 each		
Authorised	500,000,000	500,000,000
Issued and fully paid	206,250,000	206,250,000

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

At the end of the reporting period, the number of outstanding shares in issue after setting treasury shares off against equity is 200,234,400 (2013: 200,236,400).

Treasury shares

The shareholders of the Company have approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ('Share Buy Back'). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

At the end of the reporting period, a total of 6,015,600 (2013: 6,013,600) treasury shares at cost of RM3,116,712 (2013: RM3,115,220) were held by the Company in accordance with Section 67A (3B) of the Companies Act, 1965 in Malaysia.

16. SHARE CAPITAL (continued)

Treasury shares (continued)

During the financial year, the Company repurchased 2,000 (2013: 2,100) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM1,492 (2013: RM947). The average price paid for the shares repurchased was RM0.75 (2013: RM0.45) per share. The Share Buy Back transactions were financed by internally generated funds. The shares bought back are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distributions are suspended. None of the treasury shares repurchased had been sold as at 30 June 2014.

17. REVALUATION RESERVE

	Group and Company	
	2014	**2013**
	RM	**RM**
Hotel properties		
At 1 July/30 June	6,788,088	6,788,088

18. RETAINED EARNINGS

The Company had moved to a single tier system, and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

19. BORROWINGS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Current liabilities				
Bridging loans	53,356,468	15,334,801	53,356,468	15,334,801
Term loans	23,270,741	55,278,531	11,430,884	42,930,138
Hire purchase creditors (Note 21)	568,948	505,056	366,281	388,113
Revolving credits	28,420,000	33,420,000	3,920,000	3,920,000
Bankers' acceptances	17,682,088	18,609,470	10,846,088	11,752,470
Bank overdrafts (Note 15(c))	57,038,217	54,518,586	54,123,317	52,678,071
	180,336,462	177,666,444	134,043,038	127,003,593
Non-current liabilities				
Term loans	144,097,211	163,182,165	27,745,971	45,091,778
Bridging loans	9,439,479	-	-	-
Hire purchase creditors (Note 21)	715,236	943,126	319,058	698,908
	154,251,926	164,125,291	28,065,029	45,790,686

19. BORROWINGS (continued)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total				
Bridging loans	62,795,947	15,334,801	53,356,468	15,334,801
Term loans	167,367,952	218,460,696	39,176,855	88,021,916
Hire purchase creditors (Note 21)	1,284,184	1,448,182	685,339	1,087,021
Revolving credits	28,420,000	33,420,000	3,920,000	3,920,000
Bankers' acceptances	17,682,088	18,609,470	10,846,088	11,752,470
Bank overdrafts (Note 15(c))	57,038,217	54,518,586	54,123,317	52,678,071
	334,588,388	341,791,735	162,108,067	172,794,279

(a) The bridging loans of the Group and of the Company are secured by way of legal charges over certain development properties (Note 9 and Note 12) and inventories (Note 13) of the Group and of the Company. The bridging loans are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier.

The term loans of the Group and of the Company are secured by way of legal charges over certain investment properties (Note 8), deposits with licensed banks (Note 15(c)), inventories (Note 13) and land and buildings (Note 7) of the Group and of the Company. In addition, the term loans of the Group and of the Company are jointly and severally guaranteed by certain Directors of the company. The term loans of the Group and of the Company are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier.

(b) Other short-term borrowings excluding hire purchase creditors of the Group and of the Company are secured by legal charges over investment properties (Note 8), hotel properties and certain freehold land and buildings (Note 7) of the Group and of the Company as well as certain development properties (Note 9 and Note 12) of the Group. In addition, the other short term borrowings are personally guaranteed by certain Directors.

(c) The borrowings are denominated in Ringgit Malaysia ('RM').

(d) The maturity profile and exposure to the interest rate risk of the borrowings of the Group and of the Company are disclosed in Note 36 to the financial statements.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third parties	76,330,396	35,366,707	35,254,782	11,830,606
Amounts due to subsidiaries	-	-	24,020,089	30,735,978
Amounts due to customers for contract works (Note 22)	16,112,611	11,598,393	-	-
Related parties	26,713,207	20,085,290	26,545,331	-
	119,156,214	67,050,390	85,820,202	42,566,584
Other payables				
Other payables and accruals	37,122,501	6,746,758	2,772,635	3,189,096
Deposits received	1,221,285	1,220,703	1,131,750	1,097,870
	38,343,786	7,967,461	3,904,385	4,286,966
	157,500,000	75,017,851	89,724,587	46,853,550

(a) Credit terms of trade payables granted to the Group and the Company varies from cash term to 150 days (2013: 150 days).

(b) Trade amounts due to related parties and subsidiaries are unsecured, interest free and payable upon demand in cash and cash equivalents.

(c) Included in trade payables of the Group and Company are retention sums for contract works of RM10,213,717 (2013: RM8,248,206) and RM6,723,382 (2013: RM6,723,082) respectively. The retention sums are unsecured, interest-free and are expected to be collected within one (1) year.

(d) All payables are denominated in Ringgit Malaysia (‘RM’).

(e) Information on financial risks of trade and other payables are disclosed in Note 36 to the financial statements.

21. HIRE PURCHASE CREDITORS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Minimum hire purchase payments:				
- not later than (1) year	613,530	567,311	393,041	435,866
- later than (1) year but not later than (5) years	757,376	949,071	339,437	735,492
- later than five (5) years	14,123	56,555	-	-
Total minimum hire purchase payments	1,385,029	1,572,937	732,478	1,171,358
Less: Future finance charges	(100,845)	(124,755)	(47,139)	(84,337)
Present value of hire purchase payments	1,284,184	1,448,182	685,339	1,087,021
Repayable as follows:				
Current liabilities:				
- not later than (1) year	568,948	505,056	366,281	388,113
Non-current liabilities:				
- later than (1) year but not later than (5) years	701,232	888,189	319,058	698,908
- later than five (5) years	14,004	54,937	-	-
	715,236	943,126	319,058	698,908
	1,284,184	1,448,182	685,339	1,087,021

Information on financial risks of hire purchase creditors are disclosed in Note 36 to the financial statements.

22. AMOUNTS DUE (TO)/FROM CUSTOMERS FOR CONTRACT WORKS

	Group	
	2014 RM	2013 RM
Aggregate costs incurred to date	461,193,867	443,042,853
Add: Attributable profits	43,737,416	42,950,969
Less: Provision for foreseeable losses	(59,323)	(905,436)
	504,871,960	485,088,386
Less: Progress billings	(510,466,992)	(485,456,396)
	(5,595,032)	(368,010)
Represented by:		
Amounts due from customers for contract works (Note 14)	10,517,579	11,230,383
Amounts due to customers for contract works (Note 20)	(16,112,611)	(11,598,393)
	(5,595,032)	(368,010)

23. REVENUE

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Property development	259,380,954	121,160,913	140,282,575	54,685,869
Completed properties	813,000	26,374,644	263,000	3,372,600
Hotel operations	7,567,165	6,977,569	7,567,165	6,977,569
Construction contracts	10,113,700	8,758,951	-	-
Rental income	3,631,293	409,566	3,108,084	56,000
Sales of goods	264,372	210,676	-	-
Project management services	174,495	686,546	-	-
Dividend income	-	-	10,717,333	3,761,334
	281,944,979	164,578,865	161,938,157	68,853,372

24. COST OF SALES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Property development costs (Note 12)	189,631,447	99,452,503	110,452,005	41,167,088
Cost of completed properties sold	540,754	6,135,418	208,382	1,954,637
Hotel operation costs	1,876,862	1,450,771	1,876,862	1,450,771
Construction contract costs	5,621,901	4,058,128	-	-
Cost of goods sold	236,273	704,823	-	-
	197,907,237	111,801,643	112,537,249	44,572,496

25. FINANCE INCOME AND COSTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Finance income				
Interest income from deposits with licensed banks	(12,117)	(16,217)	-	-
Finance costs				
Interest expense on:				
- bridging loans	-	629	-	-
- term loans	2,221,540	2,849,118	2,267,885	1,776,040
- hire purchase creditors	617,625	53,318	37,200	40,861
- bank overdrafts	4,325,912	4,218,853	4,174,157	4,092,256
- revolving credits	2,323,420	1,684,780	749,589	280,903
- short term borrowings	1,760,351	913,300	1,241,417	459,751
- others	182,338	329,494	178,434	196,015
	11,431,186	10,049,492	8,648,682	6,845,826

26. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Auditors' remuneration:					
- Statutory		174,500	155,000	72,500	72,000
- non-statutory		5,000	5,000	5,000	5,000
Bad debts written off		-	51,631	-	-
Directors' remuneration paid and payable to the Directors:					
- by the Company:					
- fees		150,000	150,000	150,000	150,000
- emoluments other than fees		1,146,540	1,064,761	1,146,540	1,064,761
- by the subsidiaries:					
- fees		168,000	-	-	-
- emoluments other than fees		2,156,573	1,681,858	-	-
Inventories written off		897	528	-	-
Property, plant and equipment:					
- depreciation	7	2,769,084	2,257,241	2,284,239	1,932,720
- written off	7	890	812	358	706
Rental of premises		570,150	637,100	315,000	425,300
Fair value adjustment on investment properties	8	(2,448,824)	(3,446,564)	-	(3,446,564)
Rental income					
- investment properties		(288,397)	(409,566)	(165,104)	(56,000)
- others		(7,668,247)	(6,587,718)	(2,942,980)	(2,579,256)
Management fees		-	-	(1,440,000)	(1,440,000)
Gain on disposals of:					
- property, plant and equipment		(65,049)	(556,223)	(65,000)	(118,176)
- investment properties		(411,850)	(202,367)	-	-

27. TAX EXPENSE

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Income tax				
- current financial year	13,510,119	5,228,683	5,617,290	667,028
- under/(over) provision in prior years	83,303	(41,564)	27,664	82,189
	13,593,422	5,187,119	5,644,954	749,217
Deferred tax (Note 11)				
- relating to origination and reversal of temporary differences	181,868	1,035,772	100,213	1,016,343
- over provision in prior years	(2,481,457)	(1,400,212)	(2,531,173)	(1,570,321)
	(2,299,589)	(364,440)	(2,430,960)	(553,978)
	11,293,833	4,822,679	3,213,994	195,239

The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate of the Group and of the Company are as follows:

	Group 2014 %	Group 2013 %	Company 2014 %	Company 2013 %
Applicable tax rate	25	25	25	25
Tax effects in respect of:				
Non-allowable expenses	6	7	8	24
Non-taxable income	(1)	(2)	(7)	(18)
Deferred tax assets not recognised	1	-	-	-
	31	30	26	31
(Over)/Under provision in prior years				
- income tax	1	(1)	1	2
- deferred tax	(6)	(6)	(12)	(29)
Average effective tax rate	26	23	15	4

28. EMPLOYEE BENEFITS

The total employee benefits recognised in the statements of profit or loss and other comprehensive income are as follows:

	Group		Company	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
Wages, salaries and bonus	12,352,304	9,187,795	6,752,596	5,588,493
Defined contribution plan	1,653,289	1,112,759	930,321	657,325
Other employee benefits	2,078,791	1,330,261	1,366,625	1,177,874
	16,084,384	11,630,815	9,049,542	7,423,692

Included in the employee benefits of the Group and the Company are Directors' remuneration, which are disclosed in Note 31(c) to the financial statements.

29. EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity owners of the parent by the weighted average number of ordinary shares in issue (after adjusting for treasury shares) during the financial year.

	Group	
	2014 **RM**	**2013** **RM**
Profit attributable to owners of the parent	30,692,340	15,803,860
Weighted average number of ordinary shares in issue	200,234,400	200,236,400
	2014 **Sen**	**2013** **Sen**
Basic earnings per ordinary share attributable to the equity owners of the parent	15.33	7.89

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares.

30. CONTINGENT LIABILITIES

	Company 2014 RM	Company 2013 RM
Unsecured		
Corporate guarantees for trade credits granted to subsidiaries	45,763,668	26,000,000
Secured		
Corporate guarantees for borrowing facilities granted by financial institutions to subsidiaries	305,305,649	88,105,649
	351,069,317	114,105,649

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as the chances of the financial institutions to call upon the corporate guarantees are remote.

31. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationships with its direct, indirect subsidiaries, and its associates. In addition, the Company also has related party relationships with the following parties:

Identities of related parties	Relationship with the Group
Ju-Ichi Enterprise Sdn. Bhd. (‘JIE’)	A related party by virtue of the directorship of certain Directors of the Company, Dato’ Tan Seng Leong and Tan Lindy.
Marvel Plus Development Sdn. Bhd. (‘MPD’)	A related party by virtue of the directorship of certain Directors of the Company, Tan Lindy, Tan Vin Sern and Dato’ Tan Seng Leong’s spouse, namely Datin Lim Sui Yong in MPD. Both Datin Lim Sui Yong and Tan Vin Sern are also major shareholders in MPD.

31. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on mutually agreed terms:

(i) Transactions with subsidiaries

	Company	
	2014	**2013**
	RM	**RM**
Progress billings by a subsidiary:		
- BCB Construction Sdn. Bhd.	6,979,431	57,552,524
Purchase of goods from a subsidiary:		
- BCB Trading Sdn. Bhd.	-	466,213
Management fees receivable from subsidiaries:		
- BCB Construction Sdn. Bhd.	360,000	360,000
- Johbase Development Sdn. Bhd.	240,000	240,000
- BCB Resources Sdn. Bhd.	840,000	840,000
Rental expenses from a subsidiary:		
- BCB Construction Sdn. Bhd.	12,000	12,000

(ii) Transactions with related parties

	Company	
	2014	**2013**
	RM	**RM**
Office rental paid to JIE	300,000	300,000

	Group	
	2014	**2013**
	RM	**RM**
Hiring of machineries from MPD	647,758	163,438
Maintenance fees paid to JIE	59,000	37,800
Construction contracts to JIE	4,777,500	3,399,500
Construction contracts to MPD	5,336,200	6,108,758

Information regarding outstanding balances from related parties as at 30 June 2014 are disclosed in Note 14 and Note 20 to the financial statements.

31. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Non-executive Directors:				
- fees	318,000	150,000	150,000	150,000
Executive Directors:				
- salaries and bonus	2,811,501	2,363,928	962,810	894,194
- defined contribution plan	491,612	382,691	183,730	170,567
	3,621,113	2,896,619	1,296,540	1,214,761

The estimated monetary value of benefits in kind paid to the Directors of the Group and of the Company during the financial year amounted to RM89,650 and RM89,650 (2013: RM70,125 and RM41,700) respectively.

32. CAPITAL COMMITMENT

Capital commitment contracted but not provided for in the financial statements is as follows:

	Group	
	2014	**2013**
	RM	**RM**
Capital expenditure in respect of purchase of land held for property development:		
Contracted but not provided for	89,023,752	-

33. ACQUISITIONS OF SUBSIDIARIES

(a) On 24 December 2013, the Company completed the acquisition of 600,000 ordinary shares of RM1.00 each in BCB Heights Sdn. Bhd. (“Heights”), representing 60% of the issued and paid-up share capital of Heights, at par for cash (“Subscription”). The subscription has no material financial effect to the Group.

(b) On 16 May 2014, BCB Development Sdn. Bhd., a 70% owned subsidiary of the Company, had subscribed for 750,000 ordinary shares of RM1.00 each in Total Builder Generation Sdn. Bhd. (“TBG”), representing 100% of the issued and paid-up share capital of TBG, at par for cash. The subscription has no material financial effect to the Group.

33. ACQUISITION OF SUBSIDIARIES (continued)

(c) On 18 December 2013, the Company had further acquired 0.41% equity interest in Global Earnest Sdn. Bhd. ("GE"), representing 375,000 ordinary shares of RM0.50 each in GESB for a consideration of RM600,000 from GMT Nominees Sdn. Bhd., the difference of RM376,676 between the purchase consideration and share of net assets was recognised in the retained earnings as transaction with owners.

34. OPERATING SEGMENTS

BCB Berhad and its subsidiaries are principally engaged in investment holding, property development and management activities, construction and related activities and hotel operations.

BCB Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(a) Property development and management services

Development and property management of residential and commercial properties.

(b) Construction and related activities

Securing and carrying out construction contracts.

(c) Hotel operations

Provision of hotel services as well as food and beverages services.

Other operating segments that do not constitute reportable segments comprise companies that are dormant.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain respect as explained in the table below, it is measured differently from operating profit in the consolidated financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

No geographical segment information is presented as the Group's operations and the location of the customers are principally in Malaysia.

34. OPERATING SEGMENTS (continued)

(c) The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

2014	**Property development and management activities RM**	**Construction and related activities RM**	**Hotel operations RM**	**Others RM**	**Total RM**
Revenue					
Total revenue	274,028,810	71,780,584	8,522,281	-	354,331,675
Inter-segment revenue	(10,717,333)	(61,669,363)	-	-	(72,386,696)
Revenue from external customer	263,311,477	10,111,221	8,522,281	-	281,944,979
Results					
Interest income	12,117	-	-	-	12,117
Finance costs	(10,295,326)	(1,085,935)	(49,925)	-	(11,431,186)
Net finance expense	(10,283,209)	(1,085,935)	(49,925)	-	(11,419,069)
Depreciation of property, plant and equipment	1,191,639	186,138	1,391,307	-	2,769,084
Segment profit/(loss) before income tax	40,794,774	2,920,893	102,310	(10,566)	43,807,411
Tax expense	(10,629,823)	(664,010)	-	-	(11,293,833)
Other material non-cash item:					
Fair value adjustment on investment properties	-	2,448,824	-	-	2,448,824
Additions to non-current assets other than financial instruments and deferred tax assets	1,663,949	1,936,369	870,149	-	4,470,467
Segment assets	816,469,113	39,330,452	37,427,560	32,064	893,259,189
Segment liabilities	442,176,862	56,829,578	1,092,646	6,807	500,105,893

34. OPERATING SEGMENTS (continued)

(c) The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment (continued):

2013	**Property development and management activities RM**	**Construction and related activities RM**	**Hotel operations RM**	**Others RM**	**Total RM**
Revenue					
Total revenue	154,364,805	67,060,782	6,977,569	-	228,403,156
Inter-segment revenue	(5,522,460)	(58,301,831)	-	-	(63,824,291)
Revenue from external customer	148,842,345	8,758,951	6,977,569	-	164,578,865
Interest income	16,217	-	-	-	16,217
Finance costs	(8,635,684)	(1,364,936)	(48,872)	-	(10,049,492)
Net finance expense	(8,619,467)	(1,364,936)	(48,872)	-	(10,033,275)
Depreciation of property, plant and equipment	1,393,351	132,607	731,283	-	2,257,241
Segment profit/(loss) before income tax	19,758,681	1,057,946	118,752	(11,162)	20,924,217
Tax expense	(4,610,215)	(212,464)	-	-	(4,822,679)
Other material non-cash item:					
Bad debts written off	51,631	-	-	-	51,631
Fair value adjustment on investment properties	3,446,564	-	-	-	3,446,564
Additions to non-current assets other than financial instruments and deferred tax assets	1,620,784	27,371	4,495,858	-	6,144,013
Segment assets	707,688,021	37,336,925	37,808,020	28,279	782,861,245
Segment liabilities	373,672,073	47,160,450	1,038,891	5,265	421,876,679

35. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that the Group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2013.

The Group and the Company are not subject to any externally imposed capital requirements of the financial instruments other than prescribed gearing ratio and tangible net worth of the Group imposed by a bank.

The Group and the Company monitor capital using a gearing ratio which is the amount of borrowings (Note 19 to the financial statements) divided by equity. The Group's and the Company's policy is to keep the gearing ratio within manageable levels. At the end of the reporting period, the Group's gearing ratio is 0.85 times (2013: 0.95 times) and the Company's gearing ratio is 0.51 times (2013: 0.58 times). No changes were made in the objectives, policies or processes during the financial years ended 30 June 2014 and 30 June 2013.

(b) Financial instruments

Group	**Loan and receivables RM**	**Fair value through profit or loss RM**	**Available-for-sale RM**	**Held-to-maturity RM**	**Total RM**
2014					
Financial assets					
Trade and other receivables	75,562,367	-	-	-	75,562,367
Cash and bank balances	21,884,424	-	-	-	21,884,424
	97,446,791	-	-	-	97,446,791

	Fair value through profit or loss RM	**Other financial liabilities RM**	**Total RM**
Financial liabilities			
Trade and other payables	-	157,500,000	157,500,000
Borrowings	-	334,588,388	334,588,388
	-	492,088,388	492,088,388

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Group	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	Total RM
2013					
Financial assets					
Trade and other receivables	54,861,756	-	-	-	54,861,756
Cash and bank balances	22,454,280	-	-	-	22,454,280
	77,316,036	-	-	-	77,316,036

	Fair value through profit or loss RM	Other financial liabilities RM	Total RM
Financial liabilities			
Trade and other payables	-	75,017,851	75,017,851
Borrowings	-	341,791,735	341,791,735
	-	416,809,586	416,809,586

Company	Loan and receivables RM	Fair value through profit or loss RM	Available-for- sale RM	Held-to-maturity RM	Total RM
2014					
Financial assets					
Trade and other receivables	212,784,355	-	-	-	212,784,355
Cash and bank balances	11,660,711	-	-	-	11,660,711
	224,445,066	-	-	-	224,445,066

	Fair value through profit or loss RM	Other financial liabilities RM	Total RM
Financial liabilities			
Trade and other payables	-	89,724,587	89,724,587
Borrowings	-	162,108,067	162,108,067
	-	251,832,654	251,832,654

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Company	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	Total RM
2013					
Financial assets					
Trade and other receivables	178,873,529	-	-	-	178,873,529
Cash and bank balances	8,395,150	-	-	-	8,395,150
	187,268,679	-	-	-	187,268,679

	Fair value through profit or loss RM	Other financial liabilities RM	Total RM
Financial liabilities			
Trade and other payables	-	46,853,550	46,853,550
Borrowings	-	172,794,279	172,794,279
	-	219,647,829	219,647,829

(c) Methods and assumptions used to estimate fair value

The fair value of financial assets and financial liabilities are determined as follows:

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

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(ii) Hire purchase creditors

The fair value of hire purchase creditors is estimated by discounting expected future cash flows at market incremental lending rate for similar types of instruments available to the Group at the end of the reporting period.

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair value are as follows:

	Group		Company	
2014	**Carrying amount RM**	**Level 2 Fair value RM**	**Carrying amount RM**	**Level 2 Fair value RM**
Financial liabilities				
Hire purchase creditors	1,284,184	1,303,153	685,339	713,626

	Group		Company	
2013	**Carrying amount RM**	**Level 2 Fair value RM**	**Carrying amount RM**	**Level 2 Fair value RM**
Financial liabilities				
Hire purchase creditors	1,448,182	1,414,656	1,087,021	1,057,212

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review, internal control systems and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk as well as interest rate risk. Information on the management of the related exposures is detailed below.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables.

The trading terms of the Group with its customers are mainly on credit. The credit period generally ranges from cash terms to a period of three (3) months. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are reviewed regularly by senior management.

<u>Exposure to credit risk</u>

At the end of each reporting period, 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 exposure for trade and other receivables is disclosed in Note 14 to the financial statements.

<u>Credit risk concentration profile</u>

The Group determines concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group and the Company do not have any significant concentration of credit risk as at the end of the reporting period.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

<u>Financial assets that are either past due or impaired</u>

Information regarding trade receivables that are either past due or impaired is disclosed in Note 14 to the financial statements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management measures and forecasts its cash commitments, monitors and maintain a level of cash and cash equivalents and credit facilities deemed adequate to finance the Group's operations and developments activities.

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 end of each reporting period based on contractual undiscounted repayment obligations.

	Within 1 year RM	**1 - 5 years RM**	**More than 5 years RM**	**Total RM**
As at 30 June 2014				
Group				
Financial liabilities				
Trade and other payables	157,500,000	-	-	157,500,000
Borrowings	182,996,045	101,512,411	9,806,871	294,315,327
Total undiscounted financial liabilities	340,496,045	101,512,411	9,806,871	451,815,327
As at 30 June 2013				
Financial liabilities				
Trade and other payables	75,017,851	-	-	75,017,851
Borrowings	180,099,205	161,546,894	10,754,001	352,400,100
Total undiscounted financial liabilities	255,117,056	161,546,894	10,754,001	427,417,951

	Within 1 year RM	**1 - 5 years RM**	**More than 5 years RM**	**Total RM**
As at 30 June 2014				
Company				
Financial liabilities				
Trade and other payables	89,724,587	-	-	89,724,587
Borrowings	136,935,764	24,198,715	9,120,586	170,255,065
Total undiscounted financial liabilities	226,660,351	24,198,715	9,120,586	259,979,652

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk (continued)

	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
As at 30 June 2013				
Company				
Financial liabilities				
Trade and other payables	46,853,550	-	-	46,853,550
Borrowings	129,318,829	43,802,011	9,448,220	182,569,060
Total undiscounted financial liabilities	176,172,379	43,802,011	9,448,220	229,422,610

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk relates primarily to their interest-bearing borrowings on fixed and floating rates. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit after tax				
- Increase by 1% (2013: 1%)	(3,395,824)	(2,563,438)	(2,098,361)	(1,295,957)
- Decrease by 1% (2013: 1%)	3,395,824	2,563,438	2,089,361	1,295,957

The sensitivity is higher in 2014 than in 2013 as a result of an increase in interest expense on those borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
Group							
At 30 June 2014							
Fixed rates							
Hire purchase creditors	21	4.3	568,948	471,668	229,564	14,004	1,284,184
Floating rates							
Bridging loans	19	7.9	53,356,468	9,439,479	-	-	62,795,947
Term loans	19	8.3	23,270,741	10,237,884	125,000,827	8,858,500	167,367,952
Revolving credits	19	8.6	28,420,000	-	-	-	28,420,000
Bankers' acceptances	19	6.8	17,682,088	-	-	-	17,682,088
Bank overdrafts	19	8.6	57,038,217	-	-	-	57,038,217
Group							
At 30 June 2013							
Fixed rates							
Hire purchase creditors	21	4.3	505,056	443,925	444,264	54,937	1,448,182
Floating rates							
Bridging loans	19	5.2	15,334,801	-	-	-	15,334,801
Term loans	19	7.5	55,278,531	21,804,402	128,794,165	12,583,598	218,460,696
Revolving credits	19	7.1	33,420,000	-	-	-	33,420,000
Bankers' acceptances	19	6.8	18,609,470	-	-	-	18,609,470
Bank overdrafts	19	8.2	54,518,586	-	-	-	54,518,586

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk (continued):

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
Company							
At 30 June 2014							
Fixed rates							
Hire purchase creditors	21	4.3	366,281	212,287	106,771	-	685,339
Floating rates							
Bridging loans	19	7.9	53,356,468	-	-	-	53,356,468
Term loans	19	8.3	11,430,884	10,058,276	9,286,671	8,401,024	39,176,855
Revolving credits	19	8.6	3,920,000	-	-	-	3,920,000
Bankers' acceptances	19	6.8	10,846,088	-	-	-	10,846,088
Bank overdrafts	19	8.6	54,123,317	-	-	-	54,123,317
Company							
At 30 June 2013							
Fixed rates							
Hire purchase creditors	21	4.3	388,113	374,032	218,105	106,771	1,087,021
Floating rates							
Bridging loans	19	5.2	15,334,801	-	-	-	15,334,801
Term loans	19	7.5	42,930,138	21,624,591	11,740,068	11,727,119	88,021,916
Revolving credits	19	7.1	3,920,000	-	-	-	3,920,000
Bankers' acceptances	19	6.8	11,752,470	-	-	-	11,752,470
Bank overdrafts	19	8.2	52,678,071	-	-	-	52,678,071

37. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	182,071,902	143,528,540	104,765,519	89,479,399
- Unrealised	(908,951)	(3,252,438)	(1,137,088)	(3,568,048)
	181,162,951	140,276,102	103,628,431	85,911,351
(Less)/Add: Consolidation adjustments	(6,826,789)	3,969,396	-	-
Total retained earnings	174,336,162	144,245,498	103,628,431	85,911,351