



SYCAL VENTURES BERHAD

Company No. 547651-U
Incorporated In Malaysia

A n n u a l R e p o r t 2 0 1 3

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting of the Company will be held at Hotel Pullman Kuala Lumpur Bangsar, Pullman Studio, Level 1, No. 1, Jalan Pantai Jaya, 59200 Kuala Lumpur on Friday, 27th June 2014 at 9.30 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|--------------|
| 1. To appoint YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as Independent Non-Executive Director of the Company pursuant to Section 129(6) of the Companies Act 1965. | Resolution 1 |
| 2. To receive and adopt the Audited Financial Statements for the year ended 31 December 2013 and the Reports of the Directors and Auditors thereon. | Resolution 2 |
| 3. To re-elect the following Directors who retire by rotation pursuant to Article 79 of the Company's Articles of Association:- | |
| 3.1 Dato' Seow Yong Chin | Resolution 3 |
| 3.2 Abdul Wahid Bin Ahmad Shuhaime | Resolution 4 |
| 4. To re-elect Mr Tee Lay Peng who retires pursuant to Article 86 of the Company's Articles of Association. | Resolution 5 |
| 5. To ratify and approve Directors' fees for the financial year ended 31 December 2013. | Resolution 6 |
| 6. To re-appoint Messrs. WHLK (formerly known as SC Associates) as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Directors to fix the Auditors' remuneration. | Resolution 7 |

AS SPECIAL BUSINESS

- | | |
|--|--------------|
| 7. To consider and if thought fit, to pass the following Ordinary Resolution:-
"That, pursuant to Section 132D of the Companies Act, 1965 and subject to the Articles of Association of the Company, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." | Resolution 8 |
| 8. To transact any other business of which due notice shall have been given. | |

By Order of the Board

Koh Kim Koon
Company Secretary

Kuala Lumpur
5 June 2014

Notes:-

1. Only depositors whose names appear on the Record of Depositor as at 23 June 2014 shall be entitled to attend, speak and vote at the meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account the authorised nominee holds with ordinary shares of the Company standing to the credit of the securities account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

A. Explanatory Notes to Special Business

Resolution pursuant to the Authority to Allot and Issue Shares

The proposed Ordinary Resolution 8 if passed, will allow the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company in order to avoid any delay and costs involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This mandate will provide flexibility to the Company for the allotment of shares for the purpose of funding working capital, future expansion, investment/acquisition(s) or such other purposes as the Directors consider would be in the interest of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Appointment of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as new Independent Non-Executive Director pursuant to Section 129(6) of the Companies Act 1965 (Resolution 1)

Pursuant to Section 129(6) of the Companies Act 1965 a person of or over the age of 70 years may by a resolution, of which no shorter notice than that required to be given to the members of the company of an annual general meeting has been duly given, passed by a majority of not less than 75% of such members at a general meeting be appointed or reappointed as a director to hold office until the next annual general meeting.

YBhg Tan Sri Dato' Seri Dr. Ting has a Bachelor of Arts Degree from University of Malaya and a Master of Science Degree from University of London. He also holds a Doctorate in Philosophy, which he obtained from University of Warwick. YBhg Tan Sri Dato' Seri Dr. Ting started his career as a lecturer in the Faculty of Social Sciences and Humanities at Universiti Kebangsaan Malaysia in 1974 until 1980. He was then appointed as an Associate Professor at the Faculty until 1987. In 1987, YBhg Tan Sri Dato' Seri Dr. Ting ventured into politics with his election as a Member of Parliament for the Gopeng constituency, which he held until the 2008 general elections. He previously served as a Parliamentary Secretary of the Ministry of Health (1988 – 1989), Deputy Minister in the Prime Minister's Department (1989 – 1990), Minister of Housing and Local Government (1990 – 1999) and Secretary-General of Malaysia Chinese Association (MCA) (1990 – 2005). YBhg Tan Sri Dato' Seri Dr. Ting published two books entitled "Konsep Asas Sosiologi" and "Hubungan Ras dan Etnik". He currently sits on the Boards of Hua Yang Berhad, Johan Holdings Berhad, Puncak Niaga Holdings Berhad, Huaren Education Foundation, UTAR Education Foundation and also serves as a Director of several private companies.

The Company looks forward to his active contribution with his wealth of knowledge and experience.

2. Directors who are seeking re-election or re-appointment at the 13th Annual General Meeting of the Company

Two (2) Directors retire by rotation pursuant to Article 79 of the Company's Articles of Association and seeking re-election:-

- | | | |
|------|--------------------------------|----------------|
| (i) | Dato' Seow Yong Chin | (Resolution 3) |
| (ii) | Abdul Wahid Bin Ahmad Shuhaime | (Resolution 4) |

One (1) Director who is retire pursuant to Article 86 of the Company's Articles of Association and seeking re-election:-

- | | | |
|-----|--------------|----------------|
| (i) | Tee Lay Peng | (Resolution 5) |
|-----|--------------|----------------|

The profiles of the Directors standing for re-election are as set out in pages 5 to 7 and the information of their shareholdings in the Company and its subsidiaries are listed in page 90 of this Annual Report.

3. Board Meetings held in the financial year ended 31 December 2013

Five (5) Board Meetings were held during the financial year ended 31 December 2013. Details of the meetings are as follows:-

Quarterly Board Meetings : 27 February 2013
30 May 2013
28 August 2013
27 November 2013

Special Board Meetings : 29 April 2013

4. During the financial year ended 31 December 2013, five (5) Board Meetings were held. The attendance of the respective Directors at Board Meetings are as follows:

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Dato' Sri Haji Abd Rahim Bin Haji Abdul	5
Dato' Seow Yong Chin	5
Chin Kok Wah	5
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	5
Dato' Jaffar Indot	2 (Demised on 08.04.2014)
Abdul Wahid Bin Ahmad Shuhaime	5
Tee Lay Peng	1 (appointed on 30.09.2013)

BOARD OF DIRECTORS

Dato' Sri Haji Abd Rahim Bin Haji Abdul
(Chairman)

Dato' Seow Yong Chin
(Managing Director)

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood
(Executive Director)

Chin Kok Wah
(Executive Director)

Abdul Wahid Bin Ahmad Shuhaime
(Independent Non-Executive Director)

Tee Lay Peng (appointed on 30 September 2013)
(Independent Non-Executive Director)

Dato' Jaffar Indot (demised on 8 April 2014)
(Senior Independent Non-Executive Director)

AUDIT COMMITTEE

Abdul Wahid Bin Ahmad Shuhaime
(Independent Non-Executive Director)

Tee Lay Peng (appointed on 30 September 2013)
(Independent Non-Executive Director)

Dato' Jaffar Indot (demised on 8 April 2014)
(Chairman, Senior Independent Non-Executive Director)

NOMINATION COMMITTEE

Tee Lay Peng (appointed on 30 September 2013)
(Chairman, Independent Non-Executive Director)

Abdul Wahid Bin Ahmad Shuhaime
(Independent Non-Executive Director)

Dato' Jaffar Indot (demised on 8 April 2014)
(Senior Independent Non-Executive Director)

REMUNERATION COMMITTEE

Abdul Wahid Bin Ahmad Shuhaime
(Chairman, Independent Non-Executive Director)

Tee Lay Peng (appointed on 30 September 2013)
(Independent Non-Executive Director)

Dato' Seow Yong Chin
(Managing Director)

COMPANY SECRETARY

Koh Kim Koon

REGISTERED OFFICE

Lot 4.03A, 4th Floor, Plaza Prima
4 ½ Miles, Jalan Kelang Lama
58200 Kuala Lumpur
Tel: 603-7983 9099
Fax: 603-7981 7443

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel: 603-20849000
Fax: 603-20949940 / 603-20950292
E-mail: info@sshsb.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code : 9717
Stock Name : SYCAL

AUDITORS

Messrs WHLK (formerly known as SC Associates)
Chartered Accountants
No. 10-B, Kompleks Damai,
Jalan Lumut, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603-4043 6288
Fax: 603-4045 7288

PROFILE OF DIRECTORS

Dato' Sri Haji Abd Rahim Bin Haji Abdul (64 years of age – Malaysian)
Chairman

Appointed to the Board on 15 March 2006. Dato' Sri Haji Abd Rahim graduated from University of Malaya with a Bachelor of Arts (Honours) Degree in 1972. He obtained his Master of Public Administration from Pennsylvania State University, U.S.A. in 1983 and LLB (Hons) from University of London in 1993. He started his career in the Malaysian Civil Service on 2 March 1973 when he was appointed as Assistant Secretary in the Federal Treasury, a post he held for 14 years. Thereafter, he held various posts in various departments, namely Ministry of Youth and Sports, Prime Minister's Department, National Registration Department, Institute of Islamic Understanding Malaysia and the State Financial Officer of Perlis and Pahang respectively before being appointed as the State Secretary of Pahang on 16 October 2001 until 1 October 2004. His last post was as Deputy Secretary General of Treasury, Ministry of Finance till his retirement on 2 September 2005. He is also a director of ASM Investment Service Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company. He is also the chairman/directors of several other private companies.

Dato' Seow Yong Chin (54 years of age – Malaysian)
Group Managing Director / Member of Remuneration Committee

Appointed to the Board on 30 November 2005. He has extensive experience in the building, construction and civil engineering industry after having been directly involved in this sector for more than 25 years. He has been actively involved in implementing and managing construction projects undertaken by Sycal Group. He is a director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood (59 years of age – Malaysian)
Executive Director

Appointed to the Board on 30 November 2005. He is an engineer by profession and is a registered professional engineer with the Board of Engineers, Malaysia. He graduated from the Oxford College of Further Education with Ordinary National Diploma in Engineering in 1974 and holds a Bachelor of Science degree in Civil Engineering from University of Aston in Birmingham, England, in 1977. He is a corporate member of the Institute of Engineers (Malaysia) and Institute of Highway Engineers (United Kingdom). He commenced his career in August 1977 as Road Maintenance Engineer with Jabatan Kerja Raya ("JKR"), Perak and was involved in the implementation of Kampsax Highway Maintenance Programme. From January 1981 to October 1982, he served as District Engineer with JKR, Johor and subsequently served as Executive Director in a civil and building construction company, Tripart Sdn Bhd from November 1982 to 1989. Prior to joining Sycal Berhad in 1994, he was with Percon Corporation Sdn Bhd and was involved in a number of notable projects such as the construction of the 5-Star Istana Hotel in Kuala Lumpur, as well as the Malaysian Embassy in Jakarta. He is director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

Chin Kok Wah (55 years of age – Malaysian)
Executive Director

Appointed to the Board on 30 November 2005. He obtained a Certificate in Architectural Draughtsmanship from Institut Teknologi Malaysia, Ipoh in 1981. He started his career in 1980 by managing his family's construction business and in 1982 as a clerk of works with Seri Jurutera Perunding Sdn Bhd, a civil and structural consultant company. From 1983 to 1985, he served as site agent with Bandar Baru Bersatu Sdn Bhd and subsequently served for 1½ years with Malaysian Construction Concept Sdn Bhd, a construction company as Site Supervisor. Prior to assuming his current position as Project Director, he was the Project Manager for 2 years and subsequently, the General Manager for 5 years at Sycal Berhad. He is currently responsible for project coordination and is in charge of works progress and staffing. He is also director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and other private limited companies.

Abdul Wahid Bin Ahmad Shuhaime *(56 years of age – Malaysian)*

Independent Non-Executive Director / Member of Audit Committee / Chairman of Remuneration Committee / Member of Nomination Committee

Appointed to the Board on 27 February 2012. He graduated from Universiti Pertanian Malaysia with Bachelor of Agricultural Science Degree in 1982, Master in Economics Degree from Universiti Kebangsaan Malaysia in 1988, Doctor of Philosophy from Universiti Kebangsaan Malaysia in 1993, Master of Business Administration from Newport University, California, United States of America in 2000 and Doctor of Philosophy from Newport University, Newport Beach, California, United States of America in 2004. He was Committee Member of Bentong UMNO Division from 1989 to 1997, Deputy Youth Chief for Bentong UMNO Division and Secretary for the Education Bureau for National UMNO Youth from 1990 to 1995 and Secretary for the Economy Bureau for National UMNO Youth from 1995 to 1998. He has held senior positions in a few private limited companies (e.g. Senior Manager/Senior General Manager of KFC Holdings Bhd from 1993 to 1999, Corporate Advisor/Chief Executive Officer of Pelangi Airways Sdn Bhd from 1999 to 2001, Chief Executive Officer of GO Academy Sdn Bhd from 2001 to 2005 and Executive Chairman of Shakey's Holdings Sdn Bhd from 2005 to 2011).

Tee Lay Peng *(52 years of age – Malaysian)*

Independent Non-Executive Director / Member of Audit Committee / Chairman of Nomination Committee / Member of Remuneration Committee

Appointed to the Board on 30 September 2013. He is a member of The Malaysian Institute of Certified Public Accountants and a registered member of the Malaysian Institute of Accountants. He is also a Certified Financial Planner registered with the Financial Planning Association of Malaysia and holds a Master of Business Administration from the University of Hull, London, United Kingdom. Mr Tee has more than 19 years of extensive experience in the fields of finance, accounting, auditing and management consultancy. In 1995, he set-up his own consulting firm providing financial and management advisory services. He is also a director of Ho Wah Genting Berhad.

Dato' Jaffar Indot *(79 years of age – Malaysian) (Demised on 8 April 2014)*

Senior Independent Non-Executive Director / Chairman of Audit Committee / Member of Nomination Committee

Appointed to the Board on 30 November 2005. He graduated from the Harvard Business School International Managers' Programme, Vevey, Switzerland in 1983. He was the former Executive Director of Shell Companies in Malaysia and Managing Director of Shell downstream companies. He retired from Shell after 33 years' service in 1989. During this time, he worked for Shell in Japan and London, where he served in various capacities, in international oil trading, business development and public affairs. He is a director on the Boards of Melewar Industrial Group Berhad, Prestariang Berhad, F3 Strategies Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company. He is also the Founding President of Malaysian Alliance of Corporate Directors and the Chairman of the Malaysian Dutch Business Council. He also serves on the Boards of a number of private companies. He is the President of the Federation of Reproductive Health of Malaysia and Chairman of Yayasan Proton.

Further Information:-

Family Relationship with any Directors and/or Substantial Shareholders

None of the other Directors has any family relationship with each other and/or major shareholders of the Company.

Conflict of Interest with Company and Convictions for Offences of Directors

None of the Directors has any conflict of interest with the Company, or has been convicted of any offence within the past ten (10) years.

Board of Directors' Meeting

Details of attendance of Board Meetings held during the financial year ended 31 December 2013 are disclosed in page 3 of this Annual Report.

OBJECTIVE

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practice of the Company and each of its subsidiary and oversees the compliance with the relevant rules and regulations governing listed companies.

MEMBERS

Abdul Wahid Bin Ahmad Shuhaime (*Independent Non-Executive Director*)

Tee Lay Peng (*Independent Non-Executive Director; Member of Malaysian Institute of Accountants*)

Dato' Jaffar Indot (*Chairman, Senior Independent Non-Executive Director*)(*demised on 8 April 2014*)

TERMS OF REFERENCE

Composition

The Committee shall be appointed by the Board from amongst their members, comprising at least three (3) members, all of whom must be non-executive directors with majority of them being independent directors. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:-

- (a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- (b) if he is not a member of the MIA, he must have at least 3 years' working experience and:-
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (c) must fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad from time to time.

The members of the Committee shall elect a Chairman from amongst their members who shall be an independent director. The Chairman shall report to the Board on the proceedings conducted at each Audit Committee meetings.

In the event of any vacancy in the Audit Committee with the result that the number of members is reduced to below 3, the Board of Directors, must within 3 months of that event, appoint such number of new members as may be required to make up minimum number of 3 members.

Meetings

Meetings are scheduled throughout the financial year. However, the frequency of the meetings can vary depending on the scope of the audit activities. In any case the Audit Committee will meet once during each quarter to review quarterly financial results before announcement to Bursa Malaysia Securities Berhad. The external auditors may request a meeting if they consider it necessary.

A quorum shall consist of a majority of Committee members present who must be independent directors and any decision shall be by simple majority.

In attendance at Meetings

The Financial Controller and General Manager-Corporate Affairs will normally be in attendance at the meetings. Representatives of the internal auditors and external auditors are invited to meetings where relevant matters are discussed. Where necessary, the Audit Committee will invite any person to be in attendance to assist in its deliberation. Any other Directors and employees shall attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

Authority

The Committee is authorised by the Board to review any activity within its terms of reference and shall have unrestricted access to any information it requires from any Director or member of the management and all employees are directed to co-operate with any request made by the Committee. The Committee may obtain external legal or other independent professional advice in furtherance of its duties.

The Committee shall have direct access to the external auditors and be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Secretaries to Audit Committee

The Company Secretary shall be the Secretary of the Audit Committee responsible for drawing up the agenda in consultation with the Chairman. The agenda together with relevant explanatory papers and documents shall be circulated to Audit Committee members prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Audit Committee members and for ensuring compliance with Listing Requirements of Bursa Malaysia Securities Berhad.

Review of the Audit Committee

The Board of Directors of the Company must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether such Audit Committee and members have carried out their duties accordance with their terms of reference.

Scope and Functions

The scope and functions of the Committee shall be to:-

- (i) review the following and report the same to the Board of Directors:-
 - the external audit plan.
 - the external auditors' evaluation of the systems of internal controls.
 - the assistance given by the Company's officers to the external auditors.
 - the internal audit programmes, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.
 - the adequacy of scope, functions, competency and resources of the internal audit functions.
 - the quarterly results and annual financial statements, the external auditors' management letter and management response before submission to the Board, focusing particularly on:-
 - (a) changes in or implementation of new accounting policies and practices;
 - (b) significant and unusual events;
 - (c) the going concern assumption; and
 - (d) compliance with the applicable approved accounting standards and other legal and regulatory requirements.
 - any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (ii) consider and review the appointment of the external auditors and internal auditors, and to make recommendation on terms of such appointment and any questions of resignation or dismissal.

- (iii) review and approve the draft Annual Report prior to the presentation to the Board of Directors for approval and subsequent despatch to the shareholders; and
- (iv) consider and examine such other matters as the Committee considers appropriate or as authorised by the Board of Directors.

MEETINGS DURING THE YEAR

The Audit Committee met five (5) times during the financial year ended 31 December 2013. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

	No. of Meeting Attended
Abdul Wahid Bin Ahmad Shuhaime	5
Tee Lay Peng	1 (appointed on 30.09.2013)
Dato' Jaffar Indot	2 (Demised on 08.04.2014)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The main activities carried out by the Committee during the year were as follows:-

- (i) reviewed and discussed with the external auditors on the results of the audit, its comments and findings;
- (ii) reviewed and discussed with the internal auditors on the results of the internal audit, its comments/findings and subsequent follow-up reviews;
- (iii) reviewed the quarterly unaudited financial results of the Group and recommendation of the same to the Board for approval and subsequent release of announcement to Bursa Malaysia Securities Berhad; and
- (iv) reviewed related party transactions and conflict of interest situation that may arise within the Group.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent internal audit service company. The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's internal control systems. The internal auditors review and assess the Group's system of internal control and report to the Audit Committee functionally. Internal audit reports prepared by the internal auditors would be presented to the Audit Committee and forwarded to the management concerned for attention and necessary action. During the financial year under review, the internal auditors had presented reports on the Group's Resort Development Division and follow-up reviews on the Group's Property Development/Management, Finance and Human Resource Divisions.

The total costs incurred for the internal audit function of the Group in year 2013 amounted to RM12,000.

OVERSEEING THE INTERNAL AUDIT FUNCTION

- (i) The Audit Committee oversees all internal audit functions and is authorized to commission investigations to be conducted by internal auditors as it deems fit.
- (ii) The internal auditors report directly to the Audit Committee and have access to the Chairman of the Committee.

The Board of Directors recognises that exercise of good corporate governance in conducting the business and affairs of the Company with integrity, transparency and professionalism are key components for the Company's continued progress and success and is committed to creating, protecting and enhancing shareholders value and fulfilling its corporate governance obligations and responsibilities in the best interests of the Group and its stakeholders.

The Board has endeavoured to ensure the Principles and Recommendations as set out in the Malaysian Code of Corporate Governance 2012 ("MCCG 2012") are observed throughout the Group.

The Board is pleased to present below the manner in which the Group has applied the principles of the MCCG 2012 and the extent of compliance with the best practices throughout the financial year ended 31 December 2013 and up to the date of this Annual Report:-

1. Board of Directors

1.1 Board's Principal Responsibilities

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies, overseeing the resources, investments and businesses of the Group as well as reviewing the adequacy and effectiveness of the internal controls of the Group. All Board members participate fully in major decisions and key issues involving the Group such as approval of quarterly and annual results, budgets, reviewing the adequacy and integrity of the system of internal control as well as long term strategic planning for the Group.

The Board continues to adhere to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("Code of Ethics").

1.2 Composition of Board of Directors

The Board currently has six (6) members, comprising the Chairman, the Managing Director, two (2) Executive Directors and two (2) Independent Non-Executive Directors. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgement. The Board is of the view that its current size and composition has the required collective skills for the Board to provide clear and effective leadership for the Group. The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board in discharging its duties and responsibilities effectively. The profiles of the Director are presented on pages 5 to 7 of this Annual Report.

1.3 Board Meetings and Supply of Information

A formal time schedule of Board Meetings is determined in advance for every financial year. In addition to quarterly Board Meetings, special Board Meetings are convened on an ad-hoc basis to consider matters that require the Board's urgent decision.

For the financial year ended 31 December 2013, five (5) Board Meetings were held. Details of the Board attendance are as set out in page 3 of this Annual Report.

The Directors have full and timely access to information, with notices of the Board Meetings and, where applicable, board papers for each agenda item distributed in advance of each Board Meeting to ensure that Directors have sufficient time to review and consider the items to be discussed at the Board Meeting.

Minutes of every Board Meetings are circulated to each Director for their perusal prior to confirmation of the minutes at the following Board Meeting. In the intervals between Board Meetings, for any matters requiring Board decisions, Board approvals are obtained through circular resolutions. The resolutions passed by way of circular resolutions are ratified in the next Board Meeting.

The Directors have access to the advice and services of the Company Secretary and the senior management staff and under appropriate circumstances may seek independent professional advice at the Company's expense, in furtherance of their duties.

1.4 Appointment to the Board

In order to comply with good practice for the appointment of new directors as well as the proposed re-appointment/re-election of directors through a formal and transparent procedure, the Board has set up a Nomination Committee, which comprised exclusively of Non-Executive Directors, to evaluate any new appointment, proposed re-appointment/re-election of directors before recommending the same to the Board for their approval.

1.5 Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed directors are subject to retirement and are entitled for re-election at the next Annual General Meeting subsequent to their appointment. At least one-third of the remaining directors (including the Managing Director) were required to submit themselves for re-election by rotation at each annual general meeting. All directors shall retire from office at least once in 3 years but shall be eligible for re-election.

Director(s) over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

1.6 Directors' Training

The Company does not at present have a formal orientation programme for the newly appointed directors. Newly appointed directors, however, will be provided with relevant information pertaining to the Group, including visits to the Group's operating sites and meetings with senior management to facilitate their understanding of the nature of business and strategy of the Group.

All directors of the Company have completed the Mandatory Accreditation Programme in accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad.

During the financial year ended 31 December 2013 and up to the date of this report, the courses attended by the Directors are:-

<u>Name</u>	<u>Seminar(s) Attended</u>
Dato' Sri Haji Abd Rahim Bin Haji Abdul	Malaysian Corporate Governance
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	- Seminar on Uniform Building By-Laws 1984 (Amendments) 2012 - Cement & Concrete Seminar 2013 - 7 th Malaysian Property Summit 2014 - Talk on Construction Industry Payment & Adjudication Act
Tee Lay Peng	Financial Risk Management for Public Listed Companies

The Board will continue to identify other training programs that can further enhance their knowledge in the latest development relevant to the Group to enable them to discharge their responsibilities effectively.

2. The Board Committees

To facilitate the smooth transaction of business within the Company, the Board has formed the following Board committees. All committees are provided with written terms of reference, which state clearly the extent and limits of their responsibility and authority. However, the ultimate responsibility for the final decision on all matters rests with the entire Board.

2.1 Audit Committee

The terms of reference of the Audit Committee, composition of its membership and other pertinent information and its activities are highlighted in the Audit Committee Report on pages 8 to 10 of this Annual Report.

2.2 Nomination Committee**Members**

Tee Lay Peng (*Chairman, Independent Non-Executive Director*)(*appointed on 30 September 2014*)
Abdul Wahid Bin Ahmad Shuhaime (*Independent Non-Executive Director*)
Dato' Jaffar Indot (*Senior Independent Non-Executive Director*)(*demised on 8 April 2014*)

The Nomination Committee, in its terms of reference, is tasked with the duty of making suitable recommendations to fill vacancies on the Board and its committees. In making these recommendations, the Nomination Committee considers the appropriate size and composition of the Board, required mix of responsibilities, skills and experience, which the directors should bring to the Board. The Nomination Committee will also assist the Board in reviewing on an annual basis the effectiveness of the Board and Board committees (including its size and composition) and of their members. Nonetheless, the approval for appointment of new Board or Committee Members rests with the Board as a whole.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Committee held two meetings which were attended by all its members during the financial year ended 31 December 2013.

2.3 Remuneration Committee**Members**

Abdul Wahid Bin Ahmad Shuhaime (*Chairman, Independent Non-Executive Director*)
Tee Lay Peng (*Independent Non-Executive Director*))
Dato' Seow Yong Chin (*Managing Director*)

The Remuneration Committee is responsible, amongst others, to review and recommend to the Board the remuneration framework of the Executive Directors and senior management staff. The determination of remuneration package of Non-Executive Directors is the responsibility of the Board as a whole. Individual directors will abstain from deliberations and voting on decisions in respect of their own remuneration.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which was attended by all its members during the financial year ended 31 December 2013.

Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable directors to run the Group successfully. The remuneration package is linked to the corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual concerned.

The Directors' fees paid or payable by the Company, where applicable, are approved by the shareholders at the Annual General Meeting, based on the recommendation of the Board.

Details of the remuneration of the Directors of the Company from the Group for the financial year ended 31 December 2013, by category and in bands of RM50,000 are shown below:-

Category	Executive	Non-Executive
Fees (RM)	-	-
Salary (RM)	1,198,420	-
EPF, SOCSO and others (RM)	209,370	39,000
Total	1,407,790	39,000

Range of Remuneration (RM)	Executive	Non-Executive
<i>RM50,000 and below</i>	-	3
<i>RM50,001 – RM100,000</i>	1	-
<i>RM250,001 – RM300,000</i>	2	-
<i>RM300,001 – RM350,000</i>	0	-
<i>RM600,001 – RM650,000</i>	1	-

The Board has considered the disclosure of the details of the remuneration of each director and is of the view that the transparency and accountability aspects of corporate governance in relation to Directors' remuneration are appropriately served by the above disclosure of analysis by applicable bands of RM50,000, a disclosure required under the Listing Requirements of Bursa Malaysia Securities Berhad.

3. Relationship with Shareholders

Dialogue between the Company and Investors

The Board recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. Such information is disseminated via the Company's Annual Reports, Circular to Shareholders, quarterly financial results, announcements made from time to time and notices of general meeting published in one national newspaper to provide wider coverage of such notices to encourage shareholders participation. The shareholders may obtain the Group latest announcements via Bursa Malaysia Securities Berhad website at www.bursamalaysia.com.

The Annual General Meeting

The Annual General Meeting remains the principal forum for dialogue with shareholders where they may communicate, interact and clarify on the Group businesses. Executive Directors and, where appropriate, the Chairman of the Audit Committee, Financial Controller and the external auditors, are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered on the spot.

For re-election of directors, the Board ensures that full information is disclosed through the Notice of Annual General Meeting regarding directors who are retiring and who are willing to serve if re-elected. Item of special business included in the Notice of the Annual General Meeting will be accompanied by an explanation of the effects of the proposed resolution.

4. Accountability and Audit

Financial Reporting

The Board aims to present a balanced, clear and understanding assessment of the Group's financial positions and prospects in the annual financial statements and quarterly announcements to the shareholders, investors and the regulatory authorities.

The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the income statement and cash flows of the Company and the Group for the financial year.

In preparing the annual audited financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured the adoption of applicable approved accounting standards; and
- prepared the financial statements on going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue operations for the foreseeable future.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group, and to prevent and detect fraud and other irregularities.

Related Party Transactions

The Company practises an internal compliance framework in identifying and assessing related party transactions. The Board, through the Audit Committee reviews all related party transactions. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction.

Internal Control

Information on the internal control is presented in the Statement on Risk Management and Internal Control laid out on pages 16 to 17 of this Annual Report.

Relationship with the Auditors

The Company, through the Audit Committee, has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the accounting standards of Malaysia. The role of the Audit Committee in relation to the external auditors is stated on pages 8 to 10 of this Annual Report.

5. Compliance Statement

The Group had complied, throughout the year ended 31 December 2013, with all the best practices of corporate governance set out in Part 1 and Part 2 of the Code other than the requirement to establish a Risk Management Committee.

Establishment of a Risk Management Committee has not been effected as its functions are currently being carried out by the senior management. The Company has appointed an external firm for the provision of consultancy services in relation to the risk management awareness training and risk methodology implementation. Training courses to staff are expected to be held in 2014 and risk methodology is expected to be formalized for the establishment of a Risk Management Committee by end 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) requires the Board of Directors of public listed companies to present a Statement on Risk Management and Internal Control in their Annual Report. The Board of Directors is committed to maintaining a sound risk management and internal control system in the Group to safeguard shareholders’ investment and the Group’s assets. The Board is pleased to provide the following Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal controls of the Group during the year and up to the date of this Annual Report.

RESPONSIBILITY

The Board recognises the importance of sound internal control and risk management practices to good corporate governance. The Board acknowledges that it is collectively responsible for the Group’s system of internal control and risk management, and for reviewing its adequacy and integrity. The review covers financial, operational and compliance controls of the Group. Due to the limitations that are inherent in any risk management and internal control system, this risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve its business objectives. The system serves to provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives throughout the year under review up to the date of this Annual Report. This process is regularly reviewed by the Board.

INTERNAL AUDIT FUNCTIONS

The Board has engaged an independent professional firm to provide internal audit services to the Group and to provide an independent and objective assurance to the Audit Committee on the adequacy and effectiveness of the risk management and internal control system.

The internal auditors’ duty is, amongst others, to review and assess the Group’s risk management and internal control system and report to the Audit Committee functionally. Internal audit reports are to be presented to the Audit Committee and forwarded to the management concerned for attention and necessary action. Follow-up visits will be conducted by the internal auditors to report whether corrective actions have been implemented.

In December 2008, the Company’s wholly-owned subsidiary, Sycal Berhad, has been awarded ISO9001:2000 certification, and subsequently upgraded to ISO9001:2008 in 2010, in respect of provision of design and construction of buildings, structure and civil works. Periodic surveillance audits are amongst the requirements for the continuation and maintenance of the ISO9001:2008 certification. In 2013, two surveillance audits were conducted and the consultants concluded that the company has established and maintained its management system in line with the requirements of the standard.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board maintains full control and direction over appropriate strategic, financial, organizational and compliance issues. It entrusts the daily running of the business to the Managing Director (“MD”) and his management team. The Board members receive timely reports pertaining to the performance of, and information about or affecting the Group through quarterly Board papers, including relevant quantitative and qualitative analyses and trends.

The MD plays a pivotal role in communicating the Board’s expectations of the risk management and internal control system to management. This is achieved, on day-to-day basis, through his active participation in the operations of the business as well as attendance at scheduled management and operational level committee meetings where operational and financial risks, amongst others, are discussed and dealt with. Where appropriate, significant issues are highlighted and discussed at Board level.

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

The departmental heads are entrusted to provide support and are responsible to ascertain risk management principles and standard operating procedures for all operational risks identified for the Group. Amongst others, the departmental heads are:-

- to identify and evaluate significant business and operational risks applicable to their respective area of business; and
- to evaluate internal management capabilities to manage these risks.

For the financial year ended 31 December 2013, the following activities were conducted as part of the management's review of risk management and internal controls of the Group:-

- a) Business plans and budgets were reviewed at various levels of management, such as subsidiaries' Board and divisional levels and approved by the Board of the Company.
- b) Quarterly performance reports were produced by the Group and reviewed against budgets. Significant variances were or will be investigated and appropriate management action taken where necessary.
- c) The Board were kept updated with the status of the key risk profile through regular management reports.
- d) Regular visits to the operating units and project sites were conducted by members of the management team.
- e) Management review meetings were conducted regularly to discuss the findings of the ISO surveillance audits and any weaknesses/shortfalls noted will be closely monitored to ensure appropriate actions/improvements are taken. Various operational matters were also discussed and monitored in the management review meetings which were attended by the Heads of Departments and Project Managers.

The Board, throughout the financial year under review, has identified, evaluated and managed the significant risks faced by the Group through the monitoring of the Group's performance and profitability at its Board meetings. The Board is of the view that the current risk management and internal control system in place throughout the Group during the financial year is adequate and effective to safeguard the Group's interest. No significant control failure or weaknesses that would result in material losses and require disclosure in the Group's Annual Report were identified and reported during the financial year under review.

The Board has received assurance from the MD who is also the officer primarily responsible for the Group's financial management, that the risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group. The Board will continue to evaluate the existing risk management and internal control systems and put in place appropriate action plans, where applicable and necessary, to further enhance the system of internal controls and risk management to meet with the Group's strategic, financial, business and operational requirements regarding the adequacy and effectiveness of the risk management and internal control systems.

The Company also appointed external firm to provide risk management awareness training and risk methodology implementation. Training courses to staff are scheduled to begin in 2014 and risk methodology is expected to be formalized for the establishment of a Risk Management Committee by end 2014.

The Statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of BMSB Main Market Listing Requirements and was performed in accordance with Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the external auditors have reported that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal control system of the Group.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Company, I am pleased to present the Annual Report and Audited Accounts of the Company and the Group for the financial year ended 31 December 2013.

OPERATIONAL PERFORMANCE FOR 2013

(i) Overall Group's Performance

For the financial year under review, the Group recorded revenue of RM292.3 million and net profit after taxation for the year of RM17.98 million. Construction/related activities remained the core activity of the Group contributing to 67% of the Group's revenue while Property Development activities contributing to 17% of the Group's revenue.

(ii) Construction Activities

The Construction Activities will continue to be one of the core activities of the Group and continue to provide support to the Group's Property Development Activities.

The current construction order book (in-house projects and external contracts) is approximately RM650 million.

(iii) Property Development Activities

With balance gross development value of approximately RM500 million from the Group's development projects in Cheras (Kuala Lumpur), Sitiawan (Lumut and Segari), Taiping and Ipoh, Property Development Activities will remain one of the core profit contributor in the next 3 to 5 years.

PROSPECTS

The Directors are of the view that, with the Group's current construction order book of approximately RM650 million and balance gross development value of approximately RM500 million from the Group's development projects, the overall operational performance for the year ending 31 December 2014 is expected to be satisfactory.

DIRECTORATE

The Board and Management were deeply saddened by the demise of Dato' Jaffar Indot on 8 April 2014 and wishes to place on record the Group's sincere gratitude for his longstanding contributions to the Group.

The Board welcomes Mr Tee Lay Peng who joined the Board on 30 September 2013. With his wealth of knowledge and experience, the Board looks forward to his active contribution.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and staff for their hard work, loyalty and commitment to the Group. I would also like to thank my fellow Directors for their valuable inputs and wise counsel throughout the year.

To our shareholders, bankers, clients, business associates, and the government and regulatory authorities, I would like to thank them for their understanding and continued support.

Chairman

Dato' Sri Haji Abd Rahim Bin Haji Abdul

29 April 2014

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

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 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year other than the disposal of subsidiaries as disclosed in Note 5 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	<u>GROUP</u> <u>RM'000</u>	<u>COMPANY</u> <u>RM'000</u>
Net profit / (loss) for the financial year	17,977	(193)
Attributable to:		
Equity holders of the Company	17,432	(193)
Non-controlling interests	545	-
	<u>17,977</u>	<u>(193)</u>

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 other than the gain on disposal of subsidiaries and impairment loss on land held for property development amounting to RM3.801 million and RM5.104 million respectively as disclosed in Note 28 to the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend payment for the current financial year.

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.

SHARE CAPITAL

There were no changes in the issued and paid-up share capital of the Company during the financial year.

OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance have been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amounts written off as bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of the assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Sri Haji Abd Rahim Bin Haji Abdul
Dato' Seow Yong Chin
Chin Kok Wah
Dato' Jaffar Indot
Siaw Sat Lin (Resigned on 30 May 2013)
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood
Abdul Wahid Bin Ahmad Shuhaime
Tee Lay Peng (Appointed on 30 September 2013)

Dato' Jaffar Indot ceased to be a director on his demise on 8 April 2014.

In accordance with Article 79 of the Company's Articles of Association, Dato' Seow Yong Chin and Abdul Wahid Bin Ahmad Shuhaime retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 86 of the Company's Articles of Association, Tee Lay Peng who was appointed during the year retires and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	As At <u>01.01.2013</u>	<u>Bought</u>	<u>(Sold)</u>	As At <u>31.12.2013</u>
<u>Direct interest</u>				
Dato' Seow Yong Chin	18,826,145	-	-	18,826,145
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	3,989,913	-	-	3,989,913
<u>Indirect interest</u>				
Dato' Seow Yong Chin	32,353,151	1,750,484	-	34,103,635 *
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	14,370,754	-	-	14,370,754 *

* by virtue of shares held through Cygal Holdings Sdn. Bhd.

by virtue of shares held through SYC Holdings Sdn. Bhd.

Other than as shown above, the directors who have substantial interest in the shares of the Company are also deemed to have an interest in the shares of the subsidiary companies to the extent the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of the emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) 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 he has a substantial financial interest other than certain directors who have significant interests in companies which had entered into transactions with certain companies in the Group in the ordinary course of business.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENT

Significant event of the Group is disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs. WHLK (formerly known as SC Associates), have expressed their willingness to continue in office.

On behalf of the Board

.....
SYED ZAIN AL-KUDCY BIN
DATO' SYED MAHMOOD

.....
DATO' SEOW YONG CHIN

Kuala Lumpur
Date: 29 April 2014

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood, being two of the directors of Sycal Ventures Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 26 to 85, are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 41 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad ("Bursa") Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa, and is not part of the financial statements.

On Behalf of the Board

.....
SYED ZAIN AL-KUDCY BIN
DATO' SYED MAHMOOD

.....
DATO' SEOW YONG CHIN

Date: 29 April 2014
Kuala Lumpur

STATUTORY DECLARATION

I, Dato' Seow Yong Chin, NRIC No. 591031-08-6095, being the officer primarily responsible for the financial management of Sycal Ventures Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 26 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
at Kuala Lumpur in the state of
Federal Territory on 29 April 2014

.....
DATO' SEOW YONG CHIN

Before me :

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Sycal Ventures Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 85.

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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts 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 purposes.
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

The supplementary information set out in Note 41 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

WHLK
(formerly known as SC Associates)
[No : AF - 0891]
Chartered Accountants

SIOW HOCK LEE
[No : 1489/10/15(J)]
Partner

Date: 29 April 2014
Kuala Lumpur, Malaysia

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

		GROUP		COMPANY	
	NOTE	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	7,245	4,745	-	-
Investment in subsidiaries	5	-	-	159,765	159,365
Other investments	6	63	63	-	-
Land held for property development and property development costs	7	19,537	61,154	-	-
Trade receivables	10	13,618	14,903	-	-
Amount due by related parties	14	36,437	41,521	-	-
		76,900	122,386	159,765	159,365
CURRENT ASSETS					
Held-for-sale properties	8	2,040	3,913	-	-
Inventories	9	6,589	8,161	-	-
Trade receivables	10	160,551	36,812	-	-
Property development costs	11	25,651	27,663	-	-
Joint-venture development costs	12	16,990	11,276	-	-
Due by contract customers	13	71,707	70,116	-	-
Amount due by related parties	14	33,024	25,414	-	-
Amount due by subsidiary companies	15	-	-	2,266	2,266
Other receivables, deposits and prepayments	16	7,419	5,770	-	-
Fixed and security deposits	17	761	1,204	-	111
Cash and bank balances	32	3,529	2,425	4	-
		328,261	192,754	2,270	2,377
CURRENT LIABILITIES					
Trade payables	18	76,961	42,029	-	-
Due to contract customers	13	95,228	41,761	-	-
Amount due to related parties	14	428	279	-	-
Amount due to subsidiary companies	15	-	-	28,958	28,498
Other payables, deposits received and accruals	19	23,301	22,205	107	81
Hire purchase payables	20	955	326	-	-
Bank borrowings	21	-	982	-	-
Provisions	22	654	614	-	-
Tax liabilities		13,769	24,147	5	5
		211,296	132,343	29,070	28,584
NET CURRENT ASSETS / (LIABILITIES)		116,965	60,411	(26,800)	(26,207)
		193,865	182,797	132,965	133,158

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	NOTE	GROUP		COMPANY	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
EQUITY					
Share capital	23	320,250	320,250	320,250	320,250
Reserves	24	(132,565)	(149,609)	(187,285)	(187,092)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		187,685	170,641	132,965	133,158
NON-CONTROLLING INTERESTS		2,165	1,620	-	-
TOTAL EQUITY		189,850	172,261	132,965	133,158
NON-CURRENT LIABILITIES					
Hire purchase payables	20	2,217	428	-	-
Bank borrowings	21	-	1,596	-	-
Deferred tax liabilities	25	1,798	8,512	-	-
		4,015	10,536	-	-
		193,865	182,797	132,965	133,158

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

		GROUP		COMPANY	
	NOTE	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
REVENUE	26	292,327	169,406	-	-
COST OF SALES	27	(260,573)	(148,907)	-	-
GROSS PROFIT		31,754	20,499	-	-
OTHER OPERATING INCOME		7,498	6,503	2	3
		39,252	27,002	2	3
DISTRIBUTION COSTS		(54)	(61)	-	-
ADMINISTRATION EXPENSES		(9,112)	(7,200)	(116)	(90)
OTHER OPERATING EXPENSES		(11,090)	(4,879)	(79)	(157)
PROFIT / (LOSS) FROM OPERATIONS		18,996	14,862	(193)	(244)
FINANCE COSTS		(263)	(917)	-	(539)
PROFIT / (LOSS) BEFORE TAXATION	28	18,733	13,945	(193)	(783)
TAXATION	29	(756)	(5,009)	-	(1)
PROFIT / (LOSS) FOR THE YEAR		17,977	8,936	(193)	(784)
OTHER COMPREHENSIVE INCOME					
Foreign currency translation differences for foreign operation		(388)	191	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		17,589	9,127	(193)	(784)

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	NOTE	GROUP		COMPANY	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
PROFIT / (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		17,432	8,907	(193)	(784)
Non-controlling interests		545	29	-	-
PROFIT / (LOSS) FOR THE YEAR		17,977	8,936	(193)	(784)
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		17,044	9,098	(193)	(784)
Non-controlling interests		545	29	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		17,589	9,127	(193)	(784)
BASIC EARNINGS PER SHARE (SEN)	30	5.44	3.09		

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Share Capital RM'000	Share Premium RM'000	RCSLS RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Translation Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
<u>THE GROUP</u>										
At 1 January 2012	251,959	21,950	68,291	(5,267)	85	581	(176,056)	161,543	1,591	163,134
Conversion of 68,290,604 units RCSLS at the conversion price of RM1.00 nominal value of RCSLS for one new ordinary share of RM1.00 each	68,291	(5,267)	(68,291)	5,267	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	191	8,907	9,098	29	9,127
At 31 December 2012	320,250	16,683	-	-	85	772	(167,149)	170,641	1,620	172,261
Total comprehensive income for the year	-	-	-	-	-	(388)	17,432	17,044	545	17,589
At 31 December 2013	320,250	16,683	-	-	85	384	(149,717)	187,685	2,165	189,850

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

THE COMPANY

	Share Capital RM'000	Share Premium RM'000	RCSLS RM'000	Capital reserves RM'000	Accumulated Losses RM'000	Total RM'000
At 1 January 2012	251,959	21,950	68,291	(5,267)	(202,991)	133,942
Conversion of 68,290,604 units RCSLS at the conversion price of RM1.00 nominal value of RCSLS for one new ordinary share of RM1.00 each	68,291	(5,267)	(68,291)	5,267	-	-
Total comprehensive loss for the year	-	-	-	-	(784)	(784)
At 31 December 2012	320,250	16,683	-	-	(203,775)	133,158
Total comprehensive loss for the year	-	-	-	-	(193)	(193)
At 31 December 2013	320,250	16,683	-	-	(203,968)	132,965

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

NOTE	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (Loss) before taxation	18,733	13,945	(193)	(783)
Adjustments for:				
Allowance for impairment loss on other investment	-	90	-	-
Allowance for impairment losses on receivables	1,656	1,179	-	-
Bad debts written off	664	-	-	-
Depreciation of property, plant and equipment	984	811	-	-
Gain on disposal of plant and equipment	-	(56)	-	-
Gain on disposal of subsidiary	(3,801)	-	-	-
Impairment loss on land held for property development	5,104	-	-	-
Interest expenses	228	917	-	539
Interest income	(3,834)	(4,539)	(2)	(3)
Plant and equipment written off	-	3	-	-
Provision for late delivery interest	109	188	-	-
Reversal of anticipated cost in respect of development projects	(109)	-	-	-
Short term accumulating compensated absences	40	21	-	-
Tax penalties accrued	653	-	-	-
Operating profit / (loss) before working capital changes	20,427	12,559	(195)	(247)
Decrease in held-for-sale properties	1,873	176	-	-
Increase in inventories	(151)	(372)	-	-
Increase in receivables	(134,965)	(1,879)	-	-
Decrease / (Increase) in land held for property development and property development costs	12,436	(144)	-	-
Increase in joint-venture development costs	(5,714)	(8,825)	-	-
Decrease in amount due by/to contract customers	51,876	20,134	-	-
Increase in amount due by related parties	(409)	(20,557)	-	-
Increase / (Decrease) in payables	42,749	25,185	26	(1,262)
Cash (used in) / generated from operations	(11,878)	26,277	(169)	(1,509)
Interest paid	(228)	(2,875)	-	(1,247)
Interest received	72	656	2	3
Tax paid	(2,114)	(2,638)	-	-
Net cash (outflow) / inflow from operating activities	(14,148)	21,420	(167)	(2,753)

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

		GROUP		COMPANY	
	NOTE	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Net advances from subsidiary companies		-	-	460	17,756
Proceeds from disposal of plant and equipment		-	56	-	-
Proceeds from disposal of subsidiaries	5	18,856	-	-	-
Purchase of plant and equipment	31	(407)	(40)	-	-
Subscription of shares issued by a subsidiary		-	-	(400)	-
(Increase) / Decrease in pledged deposits		360	(242)	-	-
Net cash inflow / (outflow) from investing activities		18,809	(226)	60	17,756
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of hire purchase		(674)	(499)	-	-
Repayment of short term loans		-	(1,000)	-	-
Repayment of term and bridging loans		(1,596)	(4,210)	-	-
Redemption of RCSLS		-	(15,000)	-	(15,000)
Net cash outflow from financing activities		(2,270)	(20,709)	-	(15,000)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS					
		2,391	485	(107)	3
EFFECT OF EXCHANGE RATE CHANGES					
		(388)	191	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR					
		1,787	1,111	111	108
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR					
	32	3,790	1,787	4	111

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

SYCAL VENTURES BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Malaysia under the Companies Act, 1965 and is domiciled in Malaysia.

The Company is principally an investment holding company and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year other than the disposal of subsidiaries as disclosed in Note 5 to the financial statements.

The registered office of the Company is located at:

Lot 4.03A,
4th Floor, Plaza Prima,
4 1/2 Miles, Jalan Kelang Lama,
58200 Kuala Lumpur.

The principal place of business of the Company is located at:

Lot 4.21,
4th Floor, Plaza Prima,
4 1/2 Miles, Jalan Kelang Lama,
58200 Kuala Lumpur.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

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

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(a) Changes in accounting policies

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

On 1 January 2013, the Group and the Company adopted the following applicable new and amended FRSs and IC Interpretations:

- | | |
|---|--|
| - FRS 10 | Consolidation Financial Statements |
| - FRS 12 | Disclosures of Interests in Other Entities |
| - FRS 13 | Fair Value Measurement |
| - FRS 119 | Employee Benefits |
| - FRS 127 (Revised) | Separate Financial Statements |
| - Amendments to FRS 7 | Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities |
| - Amendments to FRS 101 | Presentation of items of other comprehensive income |
| - Amendments to FRS 10, FRS 11 and FRS 12 | Consolidated financial statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company.

- FRS 10 “Consolidated financial statements” changes the definition of control. An investor controls an investee when it 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. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in FRS 127 “Consolidated and separate financial statements” and IC Interpretation 112 “Consolidation – special purpose entities”.
- FRS 12 “Disclosures of interests in other entities” includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group’s financial position or performance.
- FRS 13 “Fair value measurement” establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective

	Effective date
(i) <u>Financial year beginning on/after 1 January 2014</u>	
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	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
(ii) <u>Financial year beginning on/after 1 January 2015</u>	
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to FRSs: Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Amendments to FRSs: Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
(iii) <u>Mandatory effective date to be annouced</u>	
FRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)	to be announced
FRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)	to be announced
FRS 9: Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)	to be announced

The Group and the Company intend to adopt the above standards, if applicable, when they become effective.

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

- Amendment to FRS 132 “Financial instruments: Presentation” does not change the current offsetting model in FRS 132. It clarifies the meaning of ‘currently has a legally enforceable right of set-off’ that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.
- FRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” replaces the multiple classification and measurement models in FRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from FRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective (cont'd)

The guidance in FRS 139 on impairment of financial assets and hedge accounting continues to apply.

FRS 7 requires disclosures on transition from FRS 139 to FRS 9. The impact of FRS 9 is still being assessed.

(c) Malaysian financial reporting standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (MFRS Framework) in conjunction with its planned convergence of FRSs with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

Transitioning Entities refer to entities which are subject to the application of MFRS 141: Agriculture and/ or IC Interpretation: 15 Agreements for the Construction of Real Estate and include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of MFRS Framework to 1 January 2015. Accordingly, it will be required to prepare its first financial statements using the MFRS Framework for the financial year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework and has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if prepared under the MFRS Framework.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation

Subsidiaries

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

Subsidiaries are entities controlled by the Company.

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation

Loss of control

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

Business combinations

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's 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 interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

Property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, to their residual values over their estimated useful lives, summarised as follows:

	<u>Useful lives</u>
Freehold office lots and buildings	50 years
Plant and machinery	8 to 10 years
Motor vehicles	5 years
Aircraft parts and equipment	5 years
Office equipment, furniture and fittings	5 to 13 years
Theme park	15 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied the items of plant and equipment.

(c) Subsequent costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, plant and equipment (Cont'd)

(d) Disposals

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2.4 Investments

(a) Investment in subsidiaries

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

(b) Other non-current investments

Other non-current investments are categorised as available-for-sale financial assets and are accounted in accordance with the policy stated in Note 2.22 (ii)(d).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

2.5 Land Held for Property Development and Property Development Costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.21(b).

Land held for property development is reclassified as property development costs (under current assets) 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 of 2 to 4 years.

(b) Joint-venture development project

Land held for property development under joint-venture arrangement is classified within current assets and is stated at cost less any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Land Held for Property Development and Property Development Costs (Cont'd)

(c) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

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

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

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

Completed units of development properties not sold at the end of the reporting period are transferred to inventories as current assets.

2.6 Held-for-sale properties

Held-for-sale properties comprises completed units of land and / or buildings acquired with a view to their subsequent disposals and are stated at the lower of carrying amount and fair value less costs to sell.

Held-for-sale properties are not depreciated.

2.7 Inventories

Inventories of completed units of development properties not sold at the end of the reporting period are stated at the lower of cost and net realisable value. The cost of unsold completed units of development properties is determined by an allocation of the accumulated development cost of each individual unit by specific identification or when this is not possible, in accordance with their relative sales values or profits contributions. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

Other inventories are stated at the lower of cost, determined on the first-in-first-out basis as applicable or net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to their present location and condition.

In arriving at the net realisable value, due allowance is made for obsolete and slow moving inventories.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Receivables

Trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2.22(ii)(c).

2.9 Construction Contracts

Contracts work-in-progress are stated at cost, and where appropriate, include attributable profit less allowance for foreseeable losses and progress payments received and receivable. Cost includes the actual cost of materials, labour and other incidental expenses incurred in the construction contracts.

The excess of cost incurred plus recognised profit less allowance for foreseeable losses and progress billings received and receivable is shown as “Amount due from contract customers” under current assets. The deficit, if any, is shown as “Amount due to contract customers” under current liabilities.

2.10 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2.22(ii)(c).

2.11 Payables

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

2.12 Related party

The Company treats a related party (other than holding, subsidiary or associated company) as a company in which the shareholders and directors are substantially in common with those of the Company.

2.13 Provisions

Provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle present obligations as a result of past events, and a reliable estimate can be made out of the amount of the obligation.

2.14 Leases

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Leases (Cont'd)

(b) Finance Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequently to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2.15 Borrowings

(a) Classification

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit and loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

(b) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.17 Income Taxes

Tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in the equity, in which case it is recognised in equity.

Current tax is the expected amount of income tax payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets or liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

2.18 Revenue Recognition

(a) Sale of development properties

Profit from sale of development properties is recognised on the percentage of completion method as described in Note 2.5(c). Anticipated losses are immediately recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue Recognition (Cont'd)

(b) Contract work not certified

Claims for contract work done submitted but yet to be ascertained and certified / approved by the customers are not recognised.

(c) Construction contracts

Profit from construction contracts is recognised on the stage of completion method unless the outcome of the construction contracts cannot be reliably determined in which case the completion method is used.

The stage of completion is measured by reference to the certified work done to date.

(d) Sale of goods

Revenue from sale of goods and services is recognised based on invoiced value of services rendered and, or goods sold.

(e) Joint-venture development project

Entitlement under joint-venture project is recognised according to the terms under the Joint-Venture Agreement or upon receipt, as the case may be.

(f) Dividend income

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

2.19 Employee Benefits

(a) Short term benefits

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

(b) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for currency translation differences on net investment in foreign operations.

(c) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisitions prior to 1 January 2006, the exchange rates at the dates of acquisition were used.

The principal exchange rates (in unit of foreign currency per Ringgit Malaysia) used are as follows:

	Year-end rate		Average rate	
	2013	2012	2013	2012
Hong Kong Dollar	2.363	2.534	2.448	2.515

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Impairment

(a) Financial assets

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

Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

(b) Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Financial Instruments

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its 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 issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold till maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading and other financial assets not classified under 2.22(ii) (a), (b) and (c) above.

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Fair value measurements

The Group measures financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 38.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as disclosed in Note 38.

2.24 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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 are set out below.

3.1 Construction contracts

Profit from construction contracts is the excess of contract revenue over contract cost.

The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured by reference to the certified work done to date. Significant judgement is required in determining the stage of completion. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group relied on past experience and the work of specialists.

An estimation and judgement is also required in determining the estimated total contract costs. The Group relied on past experience and the work of specialists for such estimation and judgement made.

3.2 Recoverable amounts for property, plant and equipment, land held for property development and property development cost

The Group tests whether property, plant and equipment, land held for property development and property development cost have suffered any impairment, in accordance with the accounting policy stated in Note 2.21(b) above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require use of judgements and estimates.

3.3 Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and machinery to range between 5 and 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2013 was RM7.245 million (2012: RM4.745 million). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.4 Allowance for impairment of receivables

The Group and the Company makes allowance for impairment of receivables based on an assessment of the recoverability of trade receivables and other receivables. Allowances for impairment of receivables are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and the allowance for impairment of receivables in the period in which such estimate has been changed.

3.5 Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method.

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

3.6 Provision for taxation

The Group is subject to income taxes whereby significant judgement is required on determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Consequently, if the final assessment is different from the tax liabilities recognised by the Group, such differences will impact the income tax and deferred tax provision in the period such determination is made.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold office lots and buildings	Plant and machinery	Motor vehicles	Office equipment, furniture and fittings	Theme Park	Total
COST	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	1,314	38,749	9,024	1,581	3,009	53,677
Additions	-	451	-	114	-	565
Disposals	-	-	-	-	-	-
Written off	-	-	(5,552)	(465)	-	(6,017)
Translation difference	-	-	-	(1)	-	(1)
At 31 December 2012	1,314	39,200	3,472	1,229	3,009	48,224
Additions	-	1,900	1,547	52	-	3,499
Disposals	-	-	-	-	-	-
Written off	(50)	(36,434)	-	(44)	-	(36,528)
Translation difference	-	-	-	2	-	2
Disposal of subsidiary	-	-	(551)	(195)	-	(746)
At 31 December 2013	1,264	4,666	4,468	1,044	3,009	14,451
ACCUMULATED DEPRECIATION						
At 1 January 2012	467	38,467	7,674	1,472	603	48,683
Charge for the year	25	107	462	17	200	811
Disposals	-	-	-	-	-	-
Written off	-	-	(5,552)	(462)	-	(6,014)
Translation difference	-	-	-	(1)	-	(1)
At 31 December 2012	492	38,574	2,584	1,026	803	43,479
Charge for the year	25	231	470	58	200	984
Disposals	-	-	-	-	-	-
Written off	(50)	(36,434)	-	(44)	-	(36,528)
Translation difference	-	-	-	2	-	2
Disposal of subsidiary	-	-	(551)	(180)	-	(731)
At 31 December 2013	467	2,371	2,503	862	1,003	7,206
NET BOOK VALUE						
At 31 December 2013	797	2,295	1,965	182	2,006	7,245
At 31 December 2012	822	626	888	203	2,206	4,745

Included in the net book value of property, plant and equipment of the Group are motor vehicles and plant and machinery amounted to RM1,689,795 (2012: RM460,676) and RM1,799,740 (2012: RM347,407) respectively, acquired under hire purchase arrangements for which instalments are still outstanding at the end of the reporting period.

5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2012 RM'000	2011 RM'000
Unquoted shares - at cost	344,805	344,405
Less: Allowance for impairment losses	185,040	185,040
	<u>159,765</u>	<u>159,365</u>

Unless indicated otherwise, all the subsidiary companies are incorporated in Malaysia and have the same reporting date as the Company. The details of the subsidiary companies are as follows:

<u>Name of subsidiary companies</u>	<u>Effective Equity Ownership Interest[^]</u>		<u>Principal Activities</u>
	2013 %	2012 %	
Sycal Berhad	100	100	Investment holding and contractor for building and civil engineering
<i>and its subsidiaries:</i>			
Sycal Kulai Sdn. Bhd.	100	100	Property development
Cygal Construction Sdn. Bhd.	100	100	Dormant
Sycal Plant & Machinery Sdn. Bhd.	100	100	Contractor for management and operator of plant and machinery
Cygal Industries Sdn. Bhd.	100	100	Dormant
Sycalland Development Sdn. Bhd.	-	100	Property development
Southhost Sdn. Bhd.	-	100	Investment holding
Cygal Hotel Management Services Sdn. Bhd.	100	100	Dormant
Cygal Entertainment Sdn. Bhd.	82	82	Dormant
Sycal Concrete Sdn. Bhd.	70	70	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd.	70	70	Dormant

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

<u>Name of subsidiary companies</u>	<u>Effective Equity Ownership Interest[^]</u>		<u>Principal Activities</u>
	<u>2013</u> %	<u>2012</u> %	
*# United Golden Mile Aviation Ltd	71	71	Leasing of aircraft parts and equipment and provision of related services
Sycal ICC Properties Sdn. Bhd. (formerly known as Cygal Trading Sdn. Bhd.)	100	100	Property development
Sycal Properties Sdn. Bhd. and its subsidiary:	100	100	Property development and contractor
Sycal Properties Management Sdn. Bhd.	100	100	Providing properties management and maintenance services
# Sycal Resorts Sdn. Bhd.	100	100	Property development, investment holding and operator of theme park

[^] Equals to the proportion of voting rights held

* A company incorporated in Hong Kong.

Subsidiary companies audited other than by Messrs. WHLK (formerly known as SC Associates).

(a) Disposal of subsidiaries

The Group via its subsidiary, Sycal Berhad disposed of its entire equity interest in Sycalland Development Sdn. Bhd. and Southhost Sdn. Bhd. for a total consideration of RM18 million during the year. The effect of the disposals on the financial position and results of the Group is as follows:

Assets and liabilities of the subsidiaries disposed of	GROUP	
	2013 RM'000	2012 RM'000
Plant and equipment	15	-
Land held for property development and property development costs	26,089	-
Inventories	1,723	-
Trade receivables and other receivables	10,336	-
Cash and cash equivalents	98	-
Trade and other payables	(6,721)	-
Bank overdraft	(954)	-
Taxation	(13,965)	-
Deferred taxation	(2,422)	-
Net assets attributable to the Group	14,199	-
Proceeds from disposal	(18,000)	-
Gain on disposal	(3,801)	-

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Disposal of subsidiaries (cont'd)

	GROUP	
	2013	2012
	RM'000	RM'000
<u>Cash inflow arising on disposal:</u>		
Cash consideration	18,000	-
Cash and cash equivalents of subsidiaries disposed of	856	-
Net cash inflow on disposal	18,856	-
Results of subsidiaries disposed of		
Revenue	14,060	-
Expenses	(13,376)	-
Profit from operations	684	-
Finance costs	(75)	-
Profit before taxation	609	-
Taxation	-	-
Profit after taxation	609	-

(b) Changes in Group's structure

During the year, the Company subscribed for 399,998 new ordinary shares of RM1.00 each in Sygal ICC Properties Sdn. Bhd. (formerly known as Cygal Trading Sdn. Bhd.) ("SICC"). Consequently, SICC became a direct subsidiary of the Company. SICC was previously a RM2 subsidiary wholly owned by another subsidiary, Sygal Berhad.

(c) Non-controlling interests in subsidiaries

<u>Name of subsidiary companies</u>	<u>% of equity ownership interest held by non-controlling interests[^]</u>		<u>Principal Activities</u>
	2013	2012	
Cygal Entertainment Sdn. Bhd.	18	18	Dormant
Sygal Concrete Sdn. Bhd.	30	30	Manufacturing and trading in ready mix concrete
Sygal Geotechnics Sdn. Bhd.	30	30	Dormant
* United Golden Mile Aviation Ltd	29	29	Leasing of aircraft parts and equipment and provision of related services

[^] Equals to the proportion of voting rights held

* A company incorporated in Hong Kong.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in subsidiaries (cont'd)

	GROUP	
	2013	2012
	RM'000	RM'000
Carrying amount of non-controlling interests	2,165	1,620
Profit for the year attributable to non-controlling interests	545	29

The non-controlling interests in respect of the above subsidiaries are individually not material to the Group.

6. OTHER INVESTMENTS

	GROUP	
	2013	2012
	RM'000	RM'000
Unquoted shares - at cost	7,890	7,890
Less: Accumulated impairment losses	7,890	7,890
	-	-
Shares quoted in Malaysia - at cost	6	6
Less: Accumulated impairment losses	3	3
	3	3
Transferable club membership - at cost	150	150
Less: Accumulated impairment losses	90	90
	60	60
	63	63
Market value of quoted shares	3	2

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Freehold Land RM'000	Development Expenses RM'000	Impairment Losses RM'000	Total RM'000
GROUP				
Cost				
At 1 January 2012	41,956	30,640	(11,624)	60,972
Additions	-	182	-	182
At 31 December 2012	41,956	30,822	(11,624)	61,154
Additions	-	2,920	(5,104)	(2,184)
Transfer to cost of sales	(203)	(17,327)	4,186	(13,344)
Disposal of subsidiary	(13,168)	(13,618)	697	(26,089)
At 31 December 2013	28,585	2,797	(11,845)	19,537

The freehold land has been pledged as security for a new bank facility obtained during the year. Such bank facility has not been disbursed to the Group at the end of the reporting period.

8. HELD-FOR-SALE PROPERTIES

	GROUP	
	2013	2012
	RM'000	RM'000
Land and/or completed units of buildings	2,040	3,913

9. INVENTORIES

	GROUP	
	2013	2012
	RM'000	RM'000
At cost		
Completed units of development properties	6,114	7,836
Building materials	475	325
	6,589	8,161

10. TRADE RECEIVABLES

	GROUP	
	2013 RM'000	2012 RM'000
Trade receivables	204,528	82,587
<u>Allowance for impairment losses</u>		
At 1 January	(35,048)	(33,972)
Additions	(326)	(1,076)
At 31 December	(35,374)	(35,048)
Amount receivables	169,154	47,539
Less: Amount shown under non-current assets	13,618	14,903
	155,536	32,636
Accrued billings in respect of property development costs	5,015	4,176
Amount shown under current assets	160,551	36,812
<u>Amount shown under non-current assets:</u>		
More than 1 year and less than 2 years	7,860	2,000
More than 2 years and less than 5 years	5,758	12,903
	13,618	14,903

Included in the trade receivables of the Group is an amount of RM14,385,560 (2012: RM8,884,000) representing contract sum retained in relation to contracting work performed.

Trade receivables include an amount due of RM8,556,000 (2012: RM8,556,000) representing the balance outstanding of the sum for which agreement has been reached for the settlement by instalment payments. The trade debtor has defaulted payment and an allowance of RM8.5 million has been made for doubtful debts in respect of this trade receivable.

Included in carrying values of trade receivables is an amount of RM21,926,796 (2012: RM15,902,752) receivable in respect of various sub-contract works done for Prima Ace Sdn Bhd ("PA"). The amount is receivable in various instalments over the next 3 years from 2014 to 2016. An amount of RM13.618 million (2012: RM12.373 million) which will be payable after the next twelve months is subject to an interest charge of 8.3% per annum. An amount of RM5.526 million has been received from corporations owned by the common directors of PA (see Note 19) and is held by the Group which amount is intended for partial settlement of the outstanding amount due from PA.

The Group's normal trade credit terms vary from 30 to 120 days. Other trade credit terms are assessed and approved on a case-by-case basis. Trade receivables of the Group are non-interest bearing except for PA as disclosed above and are unsecured.

11. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2013	2012
	RM'000	RM'000
Property development costs at 1 January		
- Freehold land - at costs	31,138	31,138
- Development costs	112,602	90,308
	143,740	121,446
Add: Development costs incurred during the year	23,642	23,064
	167,382	144,510
Impairment loss on freehold development land	(13,168)	(13,168)
Allowance for foreseeable loss	(1,548)	-
Costs recognised as expenses in profit or loss		
- At 1 January	(102,909)	(80,091)
- Current year	(24,106)	(22,818)
	(127,015)	(102,909)
Transfer to closing inventories	-	(770)
Property development costs at 31 December	25,651	27,663

12. JOINT-VENTURE DEVELOPMENT COSTS

	JV partners' entitlement	Development costs incurred	Advances	Costs recognised as expenses in profit or loss	Total
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	1,511	8,490	1,000	(3,104)	7,897
Additions	-	379	3,000	-	3,379
At 31 December 2012	1,511	8,869	4,000	(3,104)	11,276
Additions	680	534	4,500	-	5,714
At 31 December 2013	2,191	9,403	8,500	(3,104)	16,990

As at the end of the reporting period, the Group had entered into various joint-venture ("JV") agreements with different JV partners. Among the terms of these JV agreements, the Group is, at its own costs and expenses, responsible for the construction, completion, marketing, sales, maintenance and management of the development. The Group's entitlements for these JV agreements vary from 73% to 80% of the gross revenue on all the development units to be constructed.

13. DUE BY / (TO) CONTRACT CUSTOMERS

	GROUP	
	2013	2012
	RM'000	RM'000
Construction costs	1,907,473	1,760,040
Recognised profits less losses	107,338	92,955
Progress billings received and receivable	(2,038,332)	(1,824,640)
	<u>(23,521)</u>	<u>28,355</u>
Represented by:		
Due by contract customers	71,707	70,116
Due to contract customers	(95,228)	(41,761)
	<u>(23,521)</u>	<u>28,355</u>
Construction costs incurred during the year	<u>147,433</u>	<u>110,885</u>
Construction costs recognised as contract expenses during the year	<u>183,383</u>	<u>109,354</u>
Included in construction costs incurred during the financial year are:		
Depreciation of plant and equipment	152	40
Staff costs	7,315	5,500
Hire of machinery	3,537	1,920
Rental of site	104	91

14. AMOUNT DUE BY / (TO) RELATED PARTIES

		GROUP	
	SUB- NOTE	2013	2012
		RM'000	RM'000
Amount receivables:			
- Cygal Development Sdn. Bhd.	5	69,461	66,521
- Infratimur Sdn. Bhd.	3	-	414
		<u>69,461</u>	<u>66,935</u>
Amount payables:			
- Cygal Holdings Sdn. Bhd.	1,2,3,4	(79)	(73)
- Cygal Development Sdn. Bhd.	5	(349)	(206)
		<u>(428)</u>	<u>(279)</u>

- 1) Company in which Dato' Seow Yong Chin is also a director.
- 2) Company in which Encik Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is also a director.
- 3) Company in which Dato' Seow Yong Chin is also a substantial shareholder.
- 4) Company in which Encik Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is also a substantial shareholder.
- 5) Company in which Dato' Seow Yong Chin has controlling interests.

14. AMOUNT DUE BY / (TO) RELATED PARTIES (CONT'D)

The amount receivables are expected to be collected as follows:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2013			
<u>Current</u>			
Within 12 months	33,024	-	33,024
<u>Non-current</u>			
More than 1 year and less than 2 years	5,985	-	5,985
More than 2 years and less than 5 years	30,452	-	30,452
	36,437	-	36,437
	69,461	-	69,461
2012			
<u>Current</u>			
Within 12 months	25,414	-	25,414
<u>Non-current</u>			
More than 1 year and less than 2 years	5,000	-	5,000
More than 2 years and less than 5 years	36,521	-	36,521
	41,521	-	41,521
	66,935	-	66,935

The amount due by Cygal Development Sdn. Bhd. ("CD") is in respect of contracting and other related work done on CD's project. CD is to pay the amount over 3 years starting from 2014 to 2016. An amount of RM36.437 million (2012: RM46.244 million) which will be payable after the next twelve months is subject to an interest charge of 8.3% (2012: 8.3%) per annum. The amount due by CD is unsecured.

All other amounts due by / (to) related parties are unsecured, interest-free and repayable on demand.

15. AMOUNT DUE BY / (TO) SUBSIDIARY COMPANIES

	COMPANY	
	2013	2012
	RM'000	RM'000
Amount receivables	4,871	6,201
<u>Less: Allowance for impairment losses</u>		
At 1 January	3,935	3,935
Transfer to other receivables	(1,330)	-
At 31 December	2,605	3,935
	2,266	2,266
Amount payables	(28,958)	(28,498)

The amount due by / (to) subsidiary companies are unsecured, interest free and repayable on demand.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other receivables	6,821	4,751	1,330	-
<u>Less: Allowance for impairment losses</u>				
At 1 January	1,054	951	-	-
Additions	-	103	-	-
Transfer from amount due by subsidiary	1,330	-	1,330	-
At 31 December	2,384	1,054	1,330	-
	4,437	3,697	-	-
Deposits	2,430	1,477	-	-
Prepayments	552	596	-	-
	7,419	5,770	-	-

17. FIXED AND SECURITY DEPOSITS

The effective yields of the fixed deposits of the Group and of the Company at the end of the reporting period were 3.15% (2012: 2.75% to 3.15%) and Nil (2012: 2.75%) per annum respectively.

Included in fixed and security deposits of the Group are fixed deposits amounting to RM500,000 (2012: RM860,000) which have been placed as securities for bank facilities granted to subsidiaries.

18. TRADE PAYABLES

The normal trade credit terms granted by trade payables to the Group vary from 0 to 120 days.

19. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other payables	16,629	18,256	48	36
Accruals	3,568	2,568	59	45
Deposits received	3,104	1,381	-	-
	23,301	22,205	107	81

These include:

Amount due to a director, Dato' Seow Yong Chin	132	102	3	3
Amount due to a former shareholder of a subsidiary company	237	237	-	-
Amount received from corporations owned by common directors of PA and held for partial settlement of PA's debts (see Note 10)	5,526	-	-	-
Unsecured interest free loan	-	10,621	-	-
Amount due to former subsidiary	6,154	-	-	-
Provision for foreseeable loss	1,548	-	-	-

The amount due to the director and former shareholder represents unsecured, interest free and repayable on demand.

The unsecured interest free loan was granted in anticipation of the purchase of several units development properties of a subsidiary within the next twelve months.

20. HIRE PURCHASE PAYABLES

	GROUP	
	2013	2012
	RM'000	RM'000
Hire purchase obligations repayable:		
Within one year	1,142	362
More than one year and less than five years	2,456	463
	3,598	825
Less: Unexpired finance charges	426	71
	3,172	754
Principal amount repayable:		
Within one year (shown under current liabilities)	955	326
More than one year and less than five years (shown under non-current liabilities)	2,217	428
	3,172	754

21. BANK BORROWINGS

	GROUP	
	2013	2012
	RM'000	RM'000
<u>Current</u>		
Bank overdraft (secured)	-	982
<u>Non-current</u>		
Term and bridging loans (secured)	-	1,596
	-	2,578
<u>Total bank borrowings</u>		
Bank overdraft (secured)	-	982
Term and bridging loans (secured)	-	1,596
	-	2,578
<u>Maturity of bank borrowings</u>		
Within one year	-	982
More than 1 year and less than 2 years	-	1,596
	-	2,578

The above bank borrowings were secured by way of:

- (i) Legal charge over development land of certain subsidiaries;
- (ii) Legal charge over a third party's property;
- (iii) Personal guarantee by a director of the Company; and
- (iv) Corporate guarantee by the Company.

The annual effective interest rates at the end of the reporting period were as follows:

	GROUP	
	2013	2012
Hire purchase payables	4.63%	4.83%
	to 7.8%	to 7.8%
Bank overdraft (secured)	-	8.85%
Term and bridging loans (secured)	-	8.35%

22. PROVISIONS

GROUP	Anticipated cost in respect of development projects RM'000	Late delivery interest RM'000	Employee benefits - Short term accumulating compensated absences RM'000	Total RM'000
At 1 January 2012	109	-	296	405
Addition during the year	-	188	21	209
At 31 December 2012	109	188	317	614
Addition during the year	-	109	40	149
Reversal during the year	(109)	-	-	(109)
At 31 December 2013	-	297	357	654

23. SHARE CAPITAL

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Authorised:</u>				
500,000,000 ordinary shares of RM1.00 each	500,000	500,000	500,000	500,000
<u>Issued and fully paid:</u>				
- Ordinary shares of RM1.00 each				
At 1 January	320,250	251,959	320,250	251,959
Conversion of 68,290,604 units RCSLS at the conversion price of RM1.00 nominal value of RCSLS for one new ordinary share of of RM1.00 each	-	68,291	-	68,291
At 31 December	320,250	320,250	320,250	320,250

24. RESERVES

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Non-distributable:</u>				
Share premium	16,683	16,683	16,683	16,683
Exchange translation reserves	384	772	-	-
Revaluation reserves	85	85	-	-
	17,152	17,540	16,683	16,683
<u>Distributable:</u>				
Accumulated losses	(149,717)	(167,149)	(203,968)	(203,775)
	(132,565)	(149,609)	(187,285)	(187,092)

25. DEFERRED TAX LIABILITIES

	GROUP	
	2013	2012
	RM'000	RM'000
At 1 January	8,512	8,492
Amount recognised in profit or loss	(4,292)	20
Disposal of subsidiary	(2,422)	-
At 31 December	1,798	8,512

As mentioned in Note 2.17, the effects of temporary differences, which would give rise to net deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. As of 31 December 2013, the amount of estimated net deferred tax liabilities/assets of the Group calculated at applicable tax rate is as follows:

	GROUP	
	2013	2012
	RM'000	RM'000
(i) Recognised in the financial statements		
Deferred tax liabilities:		
- Plant and equipment	82	33
- Surplus arising from freehold development land	1,058	1,058
- Property development	3,158	7,257
- Inventory	-	164
	4,298	8,512
Deferred tax assets:		
- Unused tax losses	(2,500)	-
	1,798	8,512
(ii) Not recognised in the financial statements		
Tax assets:		
- Plant and equipment	39	44
- Unused tax losses and unabsorbed capital allowances	(11,176)	(18,071)
- Other deductible temporary differences	(6,431)	(6,352)
	(17,568)	(24,379)

The unused tax losses and unabsorbed capital allowances are subject to agreement by the tax authorities.

26. REVENUE

	GROUP	
	2013	2012
	RM'000	RM'000
Revenue of the Group comprise:		
Contract revenue	197,199	119,858
Property development revenue	50,366	31,493
Sales of goods and services	44,762	18,055
	292,327	169,406

27. COST OF SALES

	GROUP	
	2013	2012
	RM'000	RM'000
Cost of sales of the Group comprise:		
Contract cost	183,383	109,354
Property development expenses	38,998	22,818
Cost of sales and services	38,192	16,735
	260,573	148,907

28. PROFIT / (LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) before taxation is arrived at after charging / (crediting):				
Allowance for foreseeable loss	1,548	-	-	-
Allowance for impairment loss on other investment	-	90	-	-
Allowance for impairment loss on receivables	1,656	1,179	-	-
Auditors' remuneration				
- current year	226	217	40	40
- over provision in respect of prior year	(17)	(31)	(4)	(6)
Bad debts recovered	(1)	(1,760)	-	-
Bad debts written off	664	-	-	-
Deposit received forfeited	(10)	(12)	-	-
Depreciation of property, plant and equipment	832	771	-	-
(Gain) / Loss on foreign exchange - unrealised	(381)	189	-	-
Gain on disposal of held-for-sale property	(112)	-	-	-
Gain on disposal of plant and equipment	-	(56)	-	-
Gain on disposal of subsidiaries	(3,801)	-	-	-
Hire of equipment	741	618	-	-
Impairment loss on land held for property development	5,104	-	-	-
Plant and equipment written off	-	3	-	-
Provision for late delivery interest	109	188	-	-
Rental income	(42)	(51)	-	-
Rental of premises	99	93	3	2

28. PROFIT / (LOSS) BEFORE TAXATION (CONT'D)

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- hire purchase	136	37	-	-
- overdraft	75	71	-	-
- loans	17	270	-	-
- RCSLS	-	539	-	539
- others	35	-	-	-
Interest income				
- fixed deposits	(72)	(47)	(2)	(3)
- receivable from a related party				
- current year	(3,024)	(3,544)	-	-
- over provision in respect of prior year	392	-	-	-
- receivable from a trade receivable	(1,130)	(948)		
Reversal of anticipated cost in respect of development projects	(109)	-	-	-
Staff costs (excluding directors' remuneration):				
- salaries, allowances, wages and bonus	5,846	4,694	-	-
- pension costs - defined contribution plans	475	391	-	-
- social security costs	46	38	-	-
- short term accumulating compensated absences	40	21	-	-
- other staff related expenses	295	469	-	-
Directors' remuneration:				
- Directors of the Company				
- other emoluments	39	28	39	28
- Directors of the subsidiary companies				
- fees	36	24	-	-
- other emoluments	1,657	1,489	-	-
- pension costs - defined contribution plan	220	188	-	-

29. TAXATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on profit for the year:				
- Current year	5,057	2,807	-	1
- (Over) / Under provided in respect of prior year	(9)	2,182	-	-
	5,048	4,989	-	1
Deferred taxation :				
- Relating to origination and reversal of temporary differences	(4,302)	11	-	-
- Under provided in respect of prior year	10	9	-	-
	(4,292)	20	-	-
	756	5,009	-	1

29. TAXATION (CONT'D)

The income tax expense for the financial year can be reconciled to the profit / (loss) before taxation per statements of comprehensive income as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) before taxation	18,733	13,945	(193)	(783)
Tax at Malaysian statutory tax rate of 25%	4,684	3,486	(48)	(196)
Tax effects of:				
- Expenses not deductible for tax purposes	2,807	1,041	48	197
- Income not subject to tax	(1,207)	(441)	-	-
- Recognition of previously unrecognised tax assets	(2,500)	-	-	-
- Deferred tax assets not recognised during the financial year	212	43	-	-
- Impairment loss on property development	(1,276)	-	-	-
- Utilisation of previously unrecognised tax assets	(1,965)	(1,312)	-	-
- Current year tax (over) / under provided in respect of prior year	(9)	2,182	-	-
- Deferred tax liabilities under provided in respect of prior year	10	9	-	-
- Differences of tax rates in Hong Kong subsidiary	-	1	-	-
Tax expense	756	5,009	-	1

30. BASIC EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's profit after taxation and non-controlling interests of RM17.432 million (2012: RM8.907 million) by the weighted average number of ordinary shares in issue of 320.25 million (2012: 288.256 million).

31. PURCHASE OF PLANT AND EQUIPMENT

	GROUP	
	2013	2012
	RM'000	RM'000
The Group acquired plant and equipment by way of the following:		
- Hire purchase	3,092	525
- Cash payments	407	40
	3,499	565

32. CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
These represent:				
Fixed and security deposits	761	1,204	-	111
Cash and bank balances	3,529	2,425	4	-
Bank overdraft	-	(982)	-	-
	4,290	2,647	4	111
Deposits pledged for bank guarantee facilities	(500)	(860)	-	-
	3,790	1,787	4	111

Cash and bank balances include monies placed with licensed banks under Housing Development Accounts amounting to RM542,510 (2012: RM1,355,077) by the subsidiary companies.

33. SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions during the financial year other than those have been disclosed in the financial statements include:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Subsidiaries:</u>				
- Loans/Advances from subsidiaries	-	-	(460)	(23,957)
<u>Related party:</u>				
- Progress claims from Sycal Berhad to Cygal Development Sdn. Bhd. in relation to contracting work done	42,979	40,921	-	-
- Interest charged at 8.3% (2012: 8.3%) p.a. on amount receivable from Cygal Development Sdn. Bhd.	2,632	3,544	-	-

The Directors are of the opinion that all the above transactions were entered into in the normal course of business and were established on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.

34. SIGNIFICANT EVENT

The Group via its subsidiary, Sycal Berhad disposed of its entire equity interest in Sycalland Development Sdn. Bhd. and Southhost Sdn. Bhd. for a total consideration of RM18,000,000 during the year. The Group recorded a gain on disposal of RM3,801,156 from the disposal. The financial position and results of the Group effect from the disposal is disclosed in Note 5 to the financial statements.

35. OPERATING SEGMENTS

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis.

- | | |
|---------------------------------|---|
| (i) Construction | Civil and building construction works. |
| (ii) Property development | Housing development. |
| (iii) Manufacturing and trading | Manufacturing and trading in ready-mix concrete and trading in building materials |

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the returns of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence, no disclosure is made on segment liability.

35. OPERATING SEGMENTS (CONT'D)

	Construction		Property Development		Manufacturing and Trading		Total
	2013	2012	2013	2012	2013	2012	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	12,242	4,185	8,480	6,334	2,698	283	10,802
Included in the measure of segment profit are:							
Revenue from external customers	197,199	119,858	50,366	31,493	44,762	18,055	169,406
Inter-segment revenue	33,122	20,031	-	-	1,241	2,326	22,357
Allowance for foreseeable loss	-	-	1,548	-	-	-	-
Allowance for impairment loss on other investment	-	90	-	-	-	-	90
Allowance for impairment losses on receivables	326	1,076	1,330	103	-	-	1,179
Bad debts written off	664	-	-	-	-	-	-
Gain on disposal of held-for-sale property	-	-	-	-	(112)	-	-
Gain on disposal of plant and equipment	-	-	-	-	-	49	49
Provision for late delivery interest	-	-	109	188	-	-	188
Reversal of anticipated cost in respect of development projects	-	-	(109)	-	-	-	-
Short term accumulating compensated absences	35	20	5	1	-	-	21
Not included in the measure of segment profit but provided to Chief Executive Officer:							
Depreciation and amortisation	(497)	(456)	(231)	(230)	(256)	(125)	(811)
Finance costs	(126)	(22)	(95)	(344)	(42)	(11)	(377)
Interest income	3,382	4,112	210	201	16	16	4,329
Taxation	1,654	(3,213)	(3,597)	(1,679)	(598)	(65)	(4,957)

35. OPERATING SEGMENTS (CONT'D)

	Construction		Property Development		Manufacturing and Trading		Total
	2013	2012	2013	2012	2013	2012	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	305,394	180,050	133,627	119,147	15,990	9,552	308,749
Included in the measure of segment assets are:							
Additions to non-current assets	1,869	451	2,926	193	1,624	103	747
other than financial instruments							
Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items:							
<u>Profit or loss</u>					2013	2012	
					RM'000	RM'000	
Total profit for reportable segments					23,420	10,802	
Other non-reportable segments					(226)	(266)	
Adjustments and eliminations					(7,048)	598	
Depreciation of plant and equipment					(984)	(811)	
Finance costs					(263)	(917)	
Interest income					3,834	4,539	
Consolidated profit before taxation					18,733	13,945	

35. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items: - Cont'd

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Interest income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
<u>2013</u>						
Total reportable segments	326,690	(984)	(263)	3,608	455,011	6,419
Other non-reportable segments	-	-	-	226	5,787	-
Components not monitored by chief executive officer	-	-	-	-	63	-
Elimination of inter-segment transactions or balances	(34,363)	-	-	-	(55,700)	-
Consolidated total	292,327	(984)	(263)	3,834	405,161	6,419
<u>2012</u>						
Total reportable segments	191,763	(811)	(377)	4,329	308,749	747
Other non-reportable segments	-	-	(540)	210	5,266	-
Components not monitored by chief executive officer	-	-	-	-	63	-
Elimination of inter-segment transactions or balances	(22,357)	-	-	-	1,062	-
Consolidated total	169,406	(811)	(917)	4,539	315,140	747

35. OPERATING SEGMENTS (CONT'D)

Geographical segments

No geographical segment information is presented as the Group operates principally in Malaysia.

Non-current assets information presented above consist of the following items as presented on the consolidated statement of financial position:

	2013 RM'000	2012 RM'000
Property, plant and equipment	7,245	4,745
Land held for property development and property development costs	19,537	61,154
	<u>26,782</u>	<u>65,899</u>

Major customers

Revenue from major customers of the Group amounted to RM126.69 million (2012: RM79.73 million) arising from revenue by the construction segment.

36. COMMITMENT

On 4 July 1996, the Group entered into a conditional share subscription agreement with Samaworld (Malaysia) Sdn. Bhd. (SMSB) and Samaworld Theme Hotel Sdn. Bhd. (SWTH) with the view to develop a hotel on the piece of land owned by SWTH. The agreement provides for the Group to subscribe to 17.5 million new shares of RM 1.00 each representing 70% equity interest of the enlarged issued and paid-up capital in SWTH for a subscription price of RM 17.5 million. To date, the Group has subscribed to a total of 7,867,821 ordinary shares of RM 1.00 each in SWTH at par.

In March 2003, Official Receiver has been appointed to take over the management of SMSB.

37. FINANCIAL INSTRUMENTS

(i) Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, including credit risk, interest rate risk, liquidity and cash flow risk. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. Financial instruments arising from the operations of the Group comprises trade receivables, other receivables and deposits, trade payables, other payables and accruals, and borrowings. Various risk management policies are in place to control and manage risks associated with these financial instruments.

37. FINANCIAL INSTRUMENTS

(i) Financial Risk Management Objectives and Policies (Cont'd)

Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables and loans/advances to subsidiary companies.

Trade receivables

Management has a credit policy in place and manages the exposure to credit risk through the application of credit approvals, credit limits and other monitoring procedures. As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The Group generally has no significant exposure to any individual customers or counterpart nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Note 10 and 14.

The ageing of trade receivables as at the end of the reporting period was:

GROUP

	Gross RM'000	Individual impairment RM'000	Net RM'000
<u>2013</u>			
Not past due (including retention sum)	57,962	-	57,962
Past due 1 to 30 days	21,429	-	21,429
Past due 31 to 60 days	9,009	-	9,009
Past due 61 to 90 days	11,015	-	11,015
Past due 91 to 120 days	15,048	-	15,048
Past due more than 120 days	90,065	(35,374)	54,691
	<u>204,528</u>	<u>(35,374)</u>	<u>169,154</u>
<u>2012</u>			
Not past due (including retention sum)	22,490	-	22,490
Past due 1 to 30 days	4,814	-	4,814
Past due 31 to 60 days	1,926	-	1,926
Past due 61 to 90 days	925	-	925
Past due 91 to 120 days	460	-	460
Past due more than 120 days	51,972	(35,048)	16,924
	<u>82,587</u>	<u>(35,048)</u>	<u>47,539</u>

37. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Credit Risk (cont'd)

Inter company loans

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the results of the subsidiary regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

The Company does not specifically monitor the ageing of the advances to subsidiary companies. However, an appropriate allowance will be made subsequently if the debt-owing company's financial condition is considered not satisfactory, regardless of whether it still carries on business operation, and there is insufficient evidence to indicate that its financial condition would improve in the foreseeable future.

Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to deposits and debt obligations with financial institutions.

The interest rates on the Group's debt obligations are comparable to interest rates of similar instruments in the market and is managed through a fair mix of fixed and floating rate debts. The Group does not generally hedge interest rate risk as it does not invest significantly in activities that require interest rates hedging.

Fixed deposits are placed with licensed banks to satisfy conditions for bank facilities granted to the Group. Excess funds are placed with reputable banks to generate interest income. The Group manages its interest rate risk by monitoring market rates and placing such funds with varying maturity periods.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Fixed rate instruments</u>				
Financial assets	50,815	59,821	-	111
Financial liabilities	3,172	754	-	-
	53,987	60,575	-	111
<u>Floating rate instruments</u>				
Financial liabilities	-	2,578	-	-

37. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Interest Rate Risk (cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The exposure of cash flow rate risk arises from floating rate instruments of the Group is not material and hence, sensitivity analysis is not presented.

Market Risk

The Group's exposure to market risk arises from quoted investments held for long term purposes. As the amount involved is insignificant, exposure to market risk is minimal.

Foreign Currency Exchange Risk

The Group has a 71%-owned subsidiary company, United Golden Mile Aviation Ltd., which operates in Hong Kong and whose revenue and expenses are denominated primarily in US Dollars and Hong Kong Dollars.

As at year end, the net unhedged financial liabilities of the Group arising from this foreign entity that is not denominated in its functional currency is approximately RM5.772 million (2012: RM5.341 million).

The exposure to foreign currency risk arises from the Group's foreign entity is not material and hence, sensitivity analysis is not presented.

37. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its trade and other payables, amount due to holding and related companies and bank borrowings.

The Group's exposure to liquidity risk and cash flow risk is monitored on an on going basis. In the ordinary course of business, the Group practices prudent liquidity risk management by maintaining sufficient level of cash to meet its working capital requirements. The Group reviews its cash flow position regularly to manage its exposure to the fluctuations in future cash flows and balances its portfolio with short term financing so as to achieve overall cost effectiveness.

Maturity analysis:

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments is as follows:

<u>GROUP</u>	Carrying amount RM'000	Contractual interest rate per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000
2013						
Hire purchase payables	3,172	4.63% to 7.8%	3,598	1,142	978	1,478
Trade and other payables	93,590	-	93,590	93,590	-	-
Amount due to related parties	428	-	428	428	-	-
	<u>97,190</u>		<u>97,616</u>	<u>95,160</u>	<u>978</u>	<u>1,478</u>

37. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Liquidity and Cash Flow Risk (cont'd)

Maturity analysis (cont'd):

<u>GROUP</u>	Carrying amount RM'000	Contractual interest rate per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000
<u>2012</u>						
Hire purchase payables	754	4.83% - 7.8%	825	362	278	185
Bank overdraft (secured)	982	8.85%	982	982	-	-
Term and bridging loans (secured)	1,596	8.35%	1,608	1,608	-	-
Trade and other payables	60,285	-	60,285	60,285	-	-
Amount due to related parties	279	-	279	279	-	-
	<u>63,896</u>		<u>63,979</u>	<u>63,516</u>	<u>278</u>	<u>185</u>

COMPANY

<u>2013</u>						
Other payables	48	-	48	48	-	-
Amount due to subsidiary companies	<u>28,958</u>	-	<u>28,958</u>	<u>28,958</u>	-	-
	<u>29,006</u>		<u>29,006</u>	<u>29,006</u>	-	-
<u>2012</u>						
Other payables	36	-	36	36	-	-
Amount due to subsidiary companies	<u>28,498</u>	-	<u>28,498</u>	<u>28,498</u>	-	-
	<u>28,534</u>		<u>28,534</u>	<u>28,534</u>	-	-

38. FAIR VALUES

(a) Determination of fair value

Set out below are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

- Trade and other receivables
 - Amount due by related parties
 - Amount due by/to inter-companies
 - Cash equivalents
 - Trade and other payables
 - Loans and borrowings
 - Hire purchase payables
- (i) The fair values of trade receivables and amount due by related parties with maturity period of more than one year are estimated based on present value of future principal and interest cash flows, discounted at the Company's lending rate prevailing at the reporting date.
- (ii) The carrying amounts of cash equivalents, receivables, payables, amounts due by/to inter-companies and related parties with a maturity period of less than one year are reasonable approximation of fair values at the end of the reporting period due to their relatively short term maturity.
- (iii) The carrying amounts of loans and borrowings are reasonable approximation of fair values at the end of the reporting period as they are floating rates instruments that are re-priced to market interest rates on or near reporting date.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

- (iv) Hire purchase payables

GROUP	2013	
	Carrying amounts RM'000	Fair values RM'000
<u>Non-current</u>		
Hire purchase payables	2,217	2,157

The fair values of the non-current portion of hire purchase payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing arrangements at the reporting date.

The carrying amounts of the current portion of hire purchase payables are reasonable approximation of fair values due to the insignificant impact of discounting.

38. FAIR VALUES

(b) Fair value hierarchy

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

Level 1 Quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

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

Investment in quoted shares of the Group has been fully impaired as at the end of the reporting period. Otherwise, the Group does not have any financial assets and financial liabilities carried at fair value nor any instruments classified as Level 1, Level 2 and Level 3 as at 31 December 2013.

39. CAPITAL MANAGEMENT

The Group's and Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the Group and the Company net gearing (times). The Group's and the Company's net gearing (times) is calculated as net debts divided by total capital. Net debts are calculated as borrowings plus trade and other payables less cash and cash equivalent. Total capital refers to capital employed under equity.

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net debts	195,300	106,837	29,061	28,468
Total capital	320,250	320,250	320,250	320,250
Net gearing (times)	0.61	0.33	0.09	0.09

40. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 29 April 2014.

41. SUPPLEMENTARY INFORMATION - BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

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

	GROUP		COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses the Company and its subsidiaries				
- Realised	(385,290)	(406,023)	(203,968)	(203,775)
- Unrealised	1,360	(1,091)	-	-
	(383,930)	(407,114)	(203,968)	(203,775)
Consolidation adjustments	234,213	239,965	-	-
Accumulated losses as per financial statements	(149,717)	(167,149)	(203,968)	(203,775)

ADDITIONAL DISCLOSURE REQUIREMENTS

Utilization of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2013.

Share Buy-Backs

During the financial year, the Company did not enter into any share buy-backs transactions.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised by the Company in the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Sanctions or Penalties

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

Non-Audit Fees

There was no non-audit fee paid/payable to the external auditors by the Group during the financial year.

Variation in Results, Profit Estimates or Projection

The Company did not release any profit estimate, forecast, or projection for the financial year.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

Material Contract Involving Directors' and Major Shareholders' Interest

There was no material contract entered into by the Company and its subsidiaries which involved Directors' and/or major shareholders' interests subsisting at the end of the financial year ended 31 December 2013 or entered into since the end of the previous financial year.

Revaluation Policy on Landed Properties

The Company has not adopted a policy of regular revaluation of its landed properties and does not have any revaluation done on the landed properties.

Recurrent Related Party Transactions

There was no recurrent related party transaction during the financial year ended 31 December 2013 other than those disclosed in the financial statement.

Corporate Social Responsibility (CSR)

The Company is aware of its Corporate Social Responsibility and endeavours to operate as a responsible and ethical corporate entity.

The Group also remains committed to ensuring the occupational safety and health of all employees at their workplace through increased awareness, accountability and continual training geared towards the conduct of all activities in an environmentally responsible, safe and healthy manner.

1. TYPE OF SECURITIES – ORDINARY SHARES
SHARE CAPITAL

Authorised Share Capital	: RM500,000,000.00
Issued and Paid-up Share Capital	: RM320,249,560.00
Type of Securities	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	242	7.07	10,109	0.00
100 to 1,000	909	26.56	660,612	0.21
1,001 to 10,000	1,288	37.63	5,607,063	1.75
10,001 to 100,000	828	24.19	30,072,317	9.39
100,001 to less than 5% of issued shares	153	4.47	158,840,735	49.60
5% and above of issued shares	3	0.09	125,058,724	39.05
Total	3,423	100.00	320,249,560	100.00

**SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)
(as shown in the Register of Substantial Shareholders)**

Name of Shareholders	No. of Shares Held or Beneficiary Interested In	Deemed Interest
1. Cygal Holdings Sdn Bhd	*14,370,754 (4.49%)	-
2. SYC Holdings Sdn Bhd	19,732,881 (6.16%)	-
2. Dato' Seow Yong Chin	**18,826,145 (5.88%)	#34,103,635 (10.65%)
3. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	***3,989,913 (1.25%)	@14,370,754 (4.49%)
4. Datuk Bujang Bin Buyong @ Jislen Bin Bagong, JP	-	@14,370,754 (4.49%)
5. Sungai Kasa Sdn Bhd	14,975,475 (4.68%)	-
6. A. Malik Bin Munadi	-	+14,975,475 (4.68%)

* All held through various nominee companies.

** Of which 10,000,000 ordinary shares are held through nominee companies.

*** Of which 3,985,413 ordinary shares are held through various nominee companies.

Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.

@ Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd.

+ Deemed interest through his shareholdings exceeding 15% in Sungai Kasa Sdn Bhd.

THIRTY LARGEST SHAREHOLDERS**(without aggregating the securities from different securities accounts belonging to the same Depositor)**

	Names	Holdings	
		No.	%
1	Cimsec Nominees (Tempatan) Sdn Bhd Pengurusan Danaharta Nasional Berhad	72,712,859	22.71
2	Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd	34,015,237	10.62
3	SYC Holdings Sdn Bhd	18,330,628	5.72
4	Sungai Kasa Sdn Bhd	14,975,475	4.68
5	Waste Environment Services Sdn Bhd	14,967,762	4.67
6	Flora Luxury Sdn Bhd	11,554,854	3.61
7	Kenanga Nominees (Tempatan) Sdn Bhd for GM Arero Support Sdn Bhd	10,704,601	3.34
8	Dato' Seow Yong Chin	8,826,145	2.76
9	Cimsec Nominees (Tempatan) Sdn Bhd Pengurusan Danaharta Nasional Berhad for Seow Yong Chin	6,777,330	2.12
10	Cheong Sau Wah	6,223,719	1.94
11	Chua Seng Boon	4,449,700	1.39
12	UOBM Nominees (tempatan) Sdn Bhd United Overseas Bank (Malaysia) Bhd	4,226,480	1.32
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Seng Oun (E-TAI/ATR)	3,890,000	1.15
14	Ng Yeow Yin	3,421,449	1.07
15	Amanah International Finance Sdn Bhd	3,294,574	1.03
16	Kenanga Nominees (Tempatan) Sdn Bhd Syed Zain Al-Kudcy Bin Syed Mahmood (001)	3,256,413	1.02
17	Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Seow Yong Chin	3,222,670	1.01
18	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lee Foon (E-SS2)	3,104,050	0.97
19	HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Cygal Holdings Sdn Bhd (HLFCHSB/104)	2,599,500	0.81

THIRTY LARGEST SHAREHOLDERS
(without aggregating the securities from different securities accounts belonging to the same Depositor)

	Names	Holdings	
		No.	%
20	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Chua Seng Oun	2,204,400	0.69
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Seow Yong Chin (MDTS)	2,115,000	0.66
22	Lee Mee Leng	2,065,000	0.64
23	HLB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd	1,955,855	0.61
24	Ital-Pacific Development Sdn Bhd	1,785,000	0.56
25	Kenanga Nominees (Tempatan) Sdn Bhd for SYC Holdings Sdn Bhd (001)	1,402,254	0.44
26	Visefare Villa Sdn Bhd	1,376,656	0.43
27	Malaysia Nominees (Tempatan) Sdn Bhd Pledged securities account for Cygal Holdings Sdn Bhd (01-00199-000)	1,175,250	0.37
28	HDM Nominees (Tempatan) Sdn Bhd	1,174,500	0.37
29	Kenanga Nominees (Tempatan) Sdn Bhd for Rohizir Bin Abdul Rashid (001)	1,170,942	0.37
30	Cygal Holdings Sdn Bhd	1,053,750	0.33
		248,032,053	77.45

STATEMENT OF DIRECTORS' INTERESTS AS AT 30 APRIL 2014

(i) Interest in the Company

Name of Directors	No. of Ordinary Shares of RM1.00 each	
	<u>Direct Interest</u>	<u>Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	*18,826,145 (5.88%)	#34,103,635 (10.65%)
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	**3,989,913 (1.25%)	@14,370,754 (4.49%)
5. Dato' Jaffar Indot	-	-
6. Abdul Wahid Bin Ahmad Shuhaime	-	-
7. Tee Lay Peng	-	-
* Of which 10,000,000 ordinary shares are held through nominee companies.		
** Of which 3,985,413 ordinary shares are held through various nominee companies.		
# Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.		
@ Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd.		

(ii) Interest in Related Company

Other than as disclosed below, there are no other Directors of the Company who have interest, direct or indirect, in company related to Sygal Ventures Berhad:-

- (a) Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood are deemed to be interested to the extent of the number of shares held by the Company in its subsidiary companies by virtue of their direct and indirect shareholding in the Company. List of subsidiary companies of the Company and effective equity interest held is as detailed in Note 5 of the Notes to the Accounts.
- (b) Shareholdings of Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood in Cygal Holdings Sdn Bhd, a substantial shareholder holding 14,370,754 ordinary shares or 4.49% equity interest in the Company as at 30 April 2014, are as disclosed below:-

Name	No. of Shares held	
	<u>Direct</u>	<u>Deemed Interest</u>
1. Dato' Seow Yong Chin	450,000 (30.00%)	-
2. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	385,998 (25.73%)	-

LIST OF PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2013

Location	Tenure	Land area	Description	Age of Property	Existing Use	NBV @ 31.12.2013 (RM'000)	Date of Acquisition
<u>Federal Territory</u>							
Lot 4.21, 4 th Floor, Plaza Prima, 4 ½ Mile, Old Klang Road, 58200 Kuala Lumpur	Freehold	6,029 sq ft	Commercial + Office building	19 years	Office	797	12 August 1994
<u>Johor</u>							
CT 13811, Lot 6019, Mukim of Senai-Kulai District of Johor Bahru	Freehold	5.37 acres	Development land	-	Development	6,077	6 September 1997

PROXY FORM

SYCAL VENTURES BERHAD

(547651-U)

No. of shares held	
CDS account no.	

I/We, (Company/NRIC/Passport No.) of being a member of the abovenamed Company, hereby appoint (NRIC/Passport No.) of or failing him, (NRIC/Passport No.) of as my/our proxy to vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company, to be held at Hotel Pullman Kuala Lumpur Bangsar, Pullman Studio, Level 1, No. 1, Jalan Pantai Jaya, 59200 Kuala Lumpur on the 27th day of June, 2014 at 9.30 a.m., and at any adjournment thereof as indicated:-

No.	Resolutions	For	Against
1.	Appointment of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as Independent Non-Executive Director		
2.	Receive of Audited Financial Statements and Reports of the Directors and Auditors		
3.	Re-election of Dato' Seow Yong Chin as Director		
4.	Re-election of Dr Abdul Wahid Bin Ahmad Shuhaime as Director		
5.	Re-election of Mr Tee Lay Peng as Director		
6.	Ratify and approve Directors' fee for financial year ended 31 December 2013		
7.	Re-appointment of Messrs. WHLK (formerly known as SC Associates) as Auditors and to authorise the Directors to fix their remuneration		
8.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

Please indicate with a cross ("X") in the appropriate box against each Resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he think fit.

Signed this day of, 2014.

.....
Signature / Common Seal of Member

Notes:-

- Only depositors whose names appear on the Record of Depositor as at 23 June 2014 shall be entitled to attend, speak and vote at the meeting.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account the authorised nominee holds with ordinary shares of the Company standing to the credit of the securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Explanatory Notes to Resolution No. 7 pursuant to the Authority to Allot and Issue Shares

The proposed Ordinary Resolution 8 if passed, will allow the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company in order to avoid any delay and costs involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. This mandate will provide flexibility to the Company for the allotment of shares for the purpose of funding working capital, future expansion, investment/acquisition(s) or such other purposes as the Directors consider would be in the interest of the Company.