**GOLDIS**
**BERHAD**
(515802-U)

# 2012
## ANNUAL REPORT


# Contents




## OVERVIEW

The logo of Goldis Berhad ("Goldis") is that of a circle rising from a square and in the language of 'Tao' '道' (meaning 'Way'), the heaven is represented by a sphere and the earth is represented by a square. (天圆地方)

2011 was a good year for the Goldis Group when (天地人和) the sky, earth and man were in harmony. The company increased its Net Assets ("NA") significantly with an increase in net profit for the year of RM288 million of which RM76 million was distributed back as dividends to the shareholders.

## FINANCIAL PERFORMANCE

From our early investment made 10 years ago in HOEPharma Holdings Sdn Bhd ("HOEPharma") Group, a gain of RM221 million for the Goldis Group was achieved from the sale of HOEPharma. With that inclusion, the net profit of the Group was RM288 million compared with RM27 million the year before.

## PERFORMANCE REVIEW OF OUR INVESTMENTS

### IGB Corporation Berhad ("IGB"), a listed real estate conglomerate

During the year, IGB distributed one treasury share for every one hundred ordinary shares held by Goldis Group in IGB. As such after the distribution, Goldis Group has additional 4,015,797 shares in IGB.

For the year ended 31 January 2012, there was a Profit After Taxation of RM82 million compared with RM58 million in the preceding year from the Group's share of results of 27.8% in IGB attributable to better operating performance of IGB's businesses.

### Macro Kiosk Berhad ("Macro Kiosk"), a mobile data communications technology provider

Macro Kiosk Group's revenue increased 37% from RM86 million to RM118 million. This was mainly due to a surge in traffic across all products led by new innovation and product development. Furthermore, the increase in customer base and emergence of new services, such as micropayments, consumer messaging, financial services and telco solutions also contributed to the increase in revenue. The Group's Profit Before Taxation ("PBT") also increased by 14% to RM3 million. The increase was attributed to an increase in revenue and the absence of impairment of intangible assets as compared to last year.

## PRIVATE EQUITY INVESTMENTS IN MALAYSIA

The total investment of Goldis in private companies in Malaysia as at 31 January 2012 has dropped to RM38 million compared to RM81 million last year due to the disposal of a subsidiary, namely HOEPharma. A review of the performance of our main investee companies are as follows:

**Macro Lynx Sdn Bhd ("Macro Lynx"), a broadband solutions and service provider**

The telecommunications industry in Malaysia is expected to face challenges in 2012 from a maturing market and increasing customer expectations. Macro Lynx will continue to focus on meeting customers' needs through relationship building, product innovations and service enhancements.

Macro Lynx had achieved a higher revenue and PBT of RM16 million and RM4 million, an increase of 26% and 20% respectively from the year before. This is attributable to the ongoing strong demand for broadband connectivity from corporate customers and for Data Center services, IT Projects and other value added services.

**G Fish (Asia) Sdn Bhd ("G Fish"), an aquaculture company**

With the increase in awareness of organic fish in the local and international markets, and the reduction of fish stocks from capture fisheries, the aquaculture industry will play an important future role in food production in Malaysia. In view of that, G Fish Group is optimistic of a turnaround performance although it continues to suffer a loss of RM5 million this year as compared to RM14 million in the last financial year.

## PRIVATE EQUITY INVESTMENTS IN CHINA

The total investment in China as at 31 January 2012 was RM40 million compared to RM58 million in the previous year. A review of the performance of our main investee companies are as follows:

**Crest Spring (Shanghai) Co Ltd ("Crest Spring"), a water treatment company**

China continues to face severe water pollution and water scarcity problems. It is expected that total investment in the treatment of waste water will continue to grow as the current waste water treatment infrastructure is still inadequate.

The adoption of IC Interpretation 12 ("IC12") has resulted in a surge in Crest Spring's revenue and PBT of RM44 million and RM10 million respectively. If the IC12 impact is excluded, the current year revenue and PBT would have otherwise be shown as RM7 million and RM1 million as compared to RM7 million and RM2 million respectively with the inclusion of a gain from the acquisition from minority of RM1 million last year.

**Tianjin Manax Natural Fibre Thin Film Co Ltd ("Tianjin Manax"), a paper manufacturing company**

The performance of Tianjin Manax this year continued to be weighed down by the after-effects of a price war crisis, combined with high material costs and fixed overheads. In view of such tough operating conditions, Tianjin Manax's performance this year was impacted by a 468% increase in losses to RM24 million inclusive of RM17 million impairment losses as compared to RM4 million in the previous year.

## PROPERTY INVESTMENT

**GTower Sdn Bhd ("GTower"), the first green commercial building in Malaysia**

The GTower building has leasable areas of 811,000 sq. ft. inclusive of 180 hotel rooms and approximately 573,000 sq. ft. of office space.

During the year, both the occupancy of the offices and the hotel continued to improve. As at the year end, 85% of the building was leased out and occupancy of 76% was achieved for the hotel. This has resulted in a revenue of RM60 million compared to RM23 million the year before and PBT of RM3 million from a loss of RM22 million the year before.

During the year, GTower Group has captured the attention of industry specialists. The Group has been awarded the following:

- Malaysia Green Building Index Certified
- Asia Pacific Hotel Awards 2011 in association with Bloomberg Television Best New Hotel Construction and Design Malaysia 2011– Five-Star Winner
- Hospitality Asia Platinum Awards 2011-2013 (Regional Series)
  Platinum Winner – Best Entertainment Outlet of the Year (VIEW Rooftop Bar)
  Gold Winner – Most Unique F&B Concept (Bridge Bar)
- SIRIM QAS & IQNet certification of GTower Quality Management Systems ISO9001 : 2008
- The MIELE Guide 2011/12 – One of Asia's Finest Restaurants (Tanzini)



## OUR PEOPLE

For the financial year under review, the number of employees for the Group has decreased to 827 from 977 last year. The Group is fortunate that it has a team of hardworking and dedicated employees who have met challenges with courage and creativity. We will continue to recruit good talent to build capacity in the preparation for growth in the future.

## PROSPECTS

The Group's financial position remains healthy and it has sufficient funds set aside for new investments to start a new cycle of growth for the private equity division.

## ACKNOWLEDGEMENTS AND APPRECIATION

I wish to take this opportunity to express my sincere gratitude to the members of the Board of Directors for their professionalism and dedicated contribution to steer the Group towards excellence. My special thanks also go to the management team and staff members for their continued contributions and commitment towards the Group. Finally, I also wish to extend our thanks to our valuable shareholders, customers, business associates, investors as well as banking institutions and relevant authorities for their continued support, guidance and confidence in Goldis Group.

**TAN LEI CHENG (MS)**
*Chairman & CEO*

致敬爱的股东们，

我谨代表董事局，呈上截至2012年1月31日的年度财政报告书。

## 概述

金诗投资公司（“金诗”）的标志是一个圆从方中升起，在道家而言，象征着天圆地方。

2011年对金诗集团来说是一个天地人和的好年。随着净盈利2亿8千800万令吉的增长，其中7千600万令吉分派予股东利息，公司的净资产(“NA”)也明显增加。

## 财务业绩

金诗集团把10年前所投资的HOEPharma控股私人有限公司脱售，从中取得2亿2千100万令吉的盈利。因此，相比起去年同时期的2千700万令吉，集团在本财政年度的净盈利为2亿8千800万令吉。

## 公司投资表现

### IGB Corporation Berhad（“IGB”），上市地产集团

在过去一年内，IGB对金诗集团在IGB所持之每100普通股配给1库存股。配股分发结束后，金诗集团在IGB持有额外4,015,797股。

截至2012年1月31日，随着集团持有IGB的27.8%股份，应占联营公司税后盈利从去年的5千800万令吉，上升至8千200万令吉。这主要来自IGB的更佳营运表现。

### Macro Kiosk 有限公司（“Macro Kiosk”），移动数据通讯技术供应商

Macro Kiosk营业额从去年的8千600万令吉，上升37%，至1亿1千800万令吉。这主要是由于科技革新与产品发展造成所有产品流量剧增之影响。另外，客户人数增加与新服务推出，如小额付款服务系统、消费者信息、财政服务和通信服务方案也对业绩成长有所刺激。因为营业额的增加和没有遭受无形资产损值，Macro Kiosk的税前盈利上扬14%至300万令吉。

## 在马来西亚的私人股本投资

由于子公司HOEPharma的转让，比较起去年同期的8千100万令吉，金诗在马来西亚私人公司截至2012年1月31日为止的总投资额下降至3千800万令吉。本集团所投资的主要公司表现如下：

### Macro Lynx 私人有限公司(“Macro Lynx”)，宽频方案和服务供应商

马来西亚电信业预料在2012年里面对逐渐成熟市场及更高客户期盼的挑战。Macro Lynx将继续努力通过关系建设、产品创新及服务强化来满足客户的需求。

Macro Lynx营业额比上财政年增长26%达1千600万令吉，而税前盈利增长20%达400万令吉。由于商务客户对宽频互联网解决方案、数据中心服务、IT企划与其它服务的需求量增加，成功改善公司的业绩表现。

# 主席献词(延续)

**G Fish ( 亚洲 )私人有限公司( “G Fish” )，**
**水产养殖业公司**

随着本土与国际市场对有机养殖鱼类需求增加及捕捉鱼量之减少，水产养殖业将会在马来西亚粮食生产业中扮演重要角色。G Fish本财政年继续面对500万令吉税前亏损，上财政年则面对1千400万令吉税前亏损，我们相信G Fish将可为金诗集团带来正面盈利贡献。

**在中国的私人股本投资**

截至2012年1月31日为止，在中国的总投资额达4千万令吉。去年同期投资总额为5千800万令吉。本集团在中国所投资的主要公司表现如下：

**峰水(上海)水处理系统有限公司 (“峰水”)，**
**污水处理公司**

中国持续面对严重污水及缺水问题。由于现有污水处理设备不足，预料污水处理的投资总额将会继续增加。

自从采用新会计准则IC Interpretation 12 (“IC12”)后，峰水成功取得4千400万令吉营业额及1千万令吉的税前盈利。若不考虑IC12所带来的影响，相比起去年的营业额700万令吉及200万令吉税前盈利(其中包括100万令吉的股权转让利润)，目前年度的营业额为700万令吉与税前盈利为100万令吉。

**天津万利天然纤维薄膜有限公司( “天津万利” )，**
**造纸公司**

由于遭受价格竞争、原料成本与管理费用偏高的影响，天津万利今年营业表现预料持续低落。在艰难运作环境下，因受到1千700万令吉的资产折旧影响，公司的亏损从去年的400万令吉增加到2千400万令吉，增长率达468%。

**产业投资**

**GTower 私人有限公司( “GTower” )，**
**马来西亚第一座绿色商业建筑物**

GTower建筑物具有811,000平方尺的出租面积，包括180间酒店房间和大约573,000平方尺的办公室空间。

过去一年，办公室和酒店空间占有率不断提升。截至年底，GTower达85%的办公室租用率及76%的酒店入住率。相比起去年2千300万令吉营业额及2千200万令吉税前亏损，GTower成功取得6千万令吉营业额及300万令吉税前盈利。

在过去一年里，GTower成功吸引了企业专才的关注。集团荣获荣誉包括：

- 马来西亚绿色建筑指数证书
- 彭博电视(Bloomberg)联办2011年亚太区酒店奖之马来西亚最佳新酒店建筑与设计
  – 5星奖得主
- 亚洲酒店业白金颁奖礼2011-2013年(区域系列)
  白金奖得主 – 最佳年度娱乐商店
  VIEW Rooftop Bar
  金奖得主 – 最独特餐饮概念Bridge Bar
- SIRIM QAS及IQNet认证
  品质管理系统ISO9001: 2008
- The MIELE Guide 2011/12
  – 其中一间亚洲最佳餐厅 (Tanzini)

**我们的雇员**

在本财政年度内，本集团的员工人数从去年的977人降低至827人。本集团感到荣幸，因有一班勤奋和奉献精神的员工团队，凭着他们的勇气和创造力应对挑战。我们将继续雇用优良人材，为集团未来增长作出准备。

**前景展望**

集团的财务状况保持健康，同时有足够保留资金进行新投资，为私人股权部分开创新的成长。

**鸣谢**

本人借此机会向董事局成员深表真诚谢意，感谢他们的专业指导和贡献，为集团迈向卓越而奋斗。我也特别感谢公司管理层和员工们对集团的持续贡献与支持。最后，我要感谢所有股东、客户、商业伙伴、投资者、银行以及有关当局所给予金诗集团的支持、指导和信任。

**陈丽贞(MS)**
主席兼首席执行员

## BOARD OF DIRECTORS

**Executive Chairman & Chief Executive Officer**
Ms Tan Lei Cheng

**Senior Independent Non-Executive Director**
Datuk Tan Kim Leong

**Independent Non-Executive Director**
Encik Daud Mah Bin Abdullah

**Non-Independent Non-Executive Directors**
Ms Pauline Tan Suat Ming
Mr Tan Boon Lee

## AUDIT COMMITTEE

Datuk Tan Kim Leong
*(Chairman-Independent Director)*

Encik Daud Mah Bin Abdullah
*(Independent Director)*

Mr Tan Boon Lee
*(Non-Independent Director)*

## SECRETARIES

Ms Chow Lai Ping
Mr Leong Kok Chi

## REGISTERED OFFICE

Suite 28-03, Level 28, GTower
199 Jalan Tun Razak
50400 Kuala Lumpur
Tel. No. : 603-2168 1888
Fax. No. : 603-2163 7020

## REGISTRAR

IGB Corporation Berhad
[Share Registration Department]
Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 603-2289 8989
Fax. No. : 603-2289 8802

## PRINCIPAL BANKERS

Agricultural Bank of China
Alliance Bank Malaysia Berhad
Bank of China
CIMB Bank Berhad
HSBC Bank (Malaysia) Berhad
Industrial and Commercial Bank of China
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad

## AUDITORS

PricewaterhouseCoopers

## SOLICITORS

Jeyaratnam & Chong

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (May 8, 2002)
Stock Code 5606

## DATE OF INCORPORATION

1 June 2000

## WEBSITE

www.goldis.com

**NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Goldis Berhad will be held at the Ampang Room, Mezzanine Floor, GTower, 199 Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 21 June 2012 at 3.30 p.m. for the following purposes:**

1. To receive the audited financial statements for the financial year ended 31 January 2012 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve the payment of Directors' fees of RM135,000 for the financial year ended 31 January 2012. **Ordinary Resolution 2**

3. To re-elect the following Directors who retire in accordance with Article 98 of the Articles of Association of the Company:

   (a) Ms Tan Lei Cheng **Ordinary Resolution 3**

   (b) Encik Daud Mah bin Abdullah **Ordinary Resolution 4**

4. To re-appoint Messrs. PricewaterhouseCoopers as auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

   **As Special Business**
   To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

5. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: **Ordinary Resolution 6**

   That Datuk Tan Kim Leong, who retires pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting.

6. **Authority for Directors to Issue Shares** **Ordinary Resolution 7**

   That, subject to the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, 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 ten per centum (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.

7. **Proposed Renewal of Shareholders' Mandate for the Company to Purchase its Own Shares ("Proposed Share Buy-Back")** **Ordinary Resolution 8**

   That subject to the provisions under the Companies Act, 1965 ("Act"), the Companies Regulations 1966, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities (if any), the Company be and is hereby authorised, to the extent permitted by law, to purchase and/or hold such number of its own ordinary shares of RM1.00 each ("Goldis Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at the time of purchase;

That the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back shall not exceed the Company's aggregate retained profits and/or share premium account;

That authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any Goldis Shares so purchased by the Company in the following manner:

(a) to cancel the Goldis Shares so purchased; or

(b) to retain the Goldis Shares so purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or re-sell through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancel the Goldis Shares so purchased subsequently; or

(c) to retain part of the Goldis Shares so purchased as treasury shares and cancel the remainder.

That the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:

(a) the conclusion of the next Annual General Meeting of the Company following the Annual General Meeting at which this resolution is passed, at which time the authority would lapse unless renewed by an ordinary resolution, either unconditionally or conditionally; or

(b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required by law to be held; or

(c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

And that the Directors of the Company be and are hereby authorised to take such steps to give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.

8. To transact any other business of which due notice shall have been given.

By Order of the Board

Chow Lai Ping
(MAICSA 0829388)

Leong Kok Chi
(MIA 11054)
Company Secretaries

Kuala Lumpur
30 May 2012

**Notes:**

1. *Only depositors whose names appear on the Record of Depository as at 15 June 2012 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 not more than two (2) proxies to attend and to vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or if the appointer is a corporation, either under its common seal or under the hand of a duly authorized officer or attorney.*
6. *The Proxy Form shall be deposited at the Registered Office of the Company, Suite 28-03, Level 28, GTower, 199 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting.*

**Explanatory Notes**

1. The re-appointment of Datuk Tan Kim Leong, a person over the age of 70 years as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Ordinary Resolution 6 has been passed by a majority of not less than three-fourth (3/4) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.

2. The proposed Ordinary Resolution 7, if passed, will renew the mandate to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors 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.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Eleventh Annual General Meeting held on 23 June 2011 and which will lapse at the conclusion of the Twelfth Annual General Meeting.

3. The proposed Ordinary Resolution 8, if passed, will renew the shareholders' mandate for the share buy-back by the Company and will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company at a General Meeting, expire at the next Annual General Meeting. Further information on the Proposed Share Buy-Back is set out in the Statement to Shareholders dated 30 May 2012, which is despatched together with the Company's Annual Report 2012.

   As at the date of this Notice, the Company did not conduct any share buy-back pursuant to the mandate granted to the Directors at the Eleventh Annual General Meeting held on 23 June 2011 and which will lapse at the conclusion of the Twelfth Annual General Meeting.

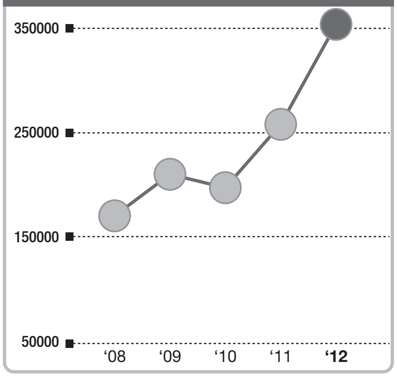
4. Profiles of Directors standing for re-election and re-appointment are set out on pages 13 and 14 of the Annual Report; while details of their interest in securities are set out on page 140 of the Annual Report.

| Financial year ended 31 January | 2008 RM'000 | 2009 RM'000 | 2010 RM'000 | 2011 RM'000 | 2012 RM'000 |
|---|---|---|---|---|---|
| Revenue # | 174,728 | 212,662 | 198,389 | 264,222 | 356,681 |
| Profit Before Taxation # | 32,203 | 46,302 | 40,099 | 32,854 | 303,982 |
| Taxation # | (256) | (3,506) | 840 | (6,342) | (15,683) |
| Net Profits | 31,947 | 42,796 | 40,939 | 26,512 | 288,299 |
| No of ordinary shares ('000) | 323,334 | 323,390 | 486,712 | 609,681 | 610,368 |
| Adjusted EPS (RM) * | 0.05 | 0.07 | 0.06 | 0.04 | 0.47 |
| Net Assets | 1,018,944 | 1,123,828 | 1,163,909 | 1,192,895 | 1,396,849 |
| Adjusted NA Per Share (RM) * | 1.67 | 1.84 | 1.91 | 1.95 | 2.29 |
| Total Borrowings | 197,515 | 206,738 | 271,405 | 319,595 | 221,749 |
| Gearing (times) | 0.19 | 0.18 | 0.23 | 0.27 | 0.16 |

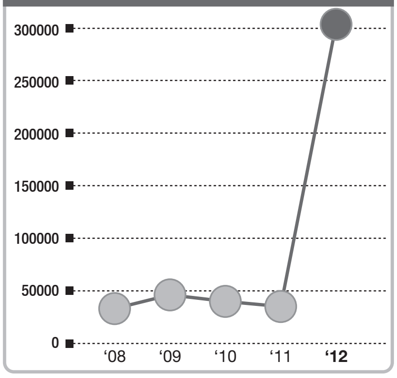
** The earnings and net assets per share for the FYE 2008-2010 have been adjusted using the enlarged share capital of FYE 2011.*

*# Including results from discontinuing and discontinued operations.*

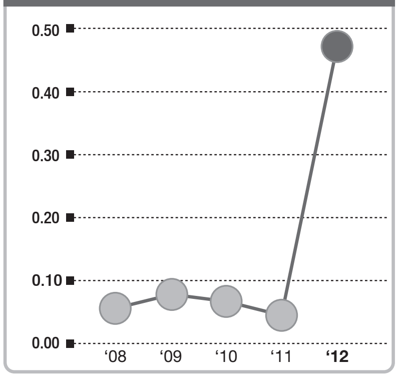
**Revenue** (RM'000)



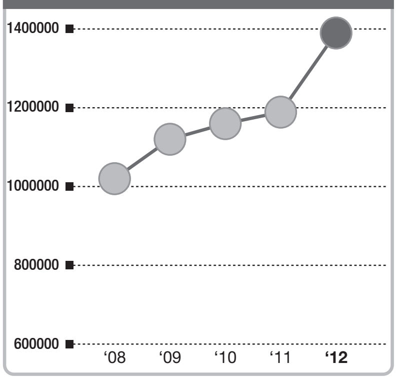

**Profit Before Taxation** (RM'000)



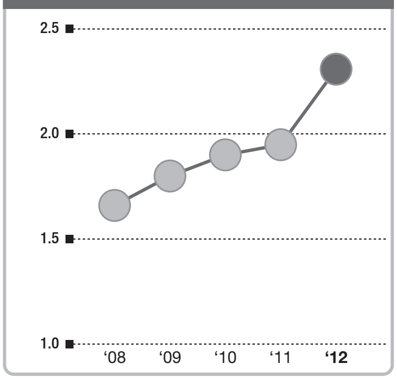

**Adjusted EPS** (RM)



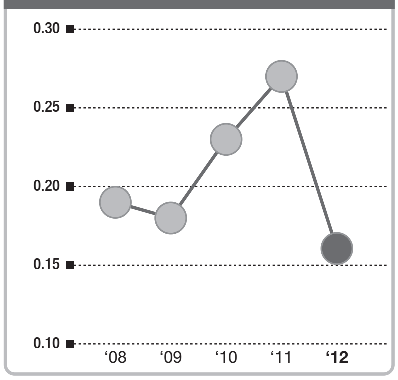

**Net Assets** (RM'000)




**Adjusted NA Per Share** (RM)




**Gearing** (times)

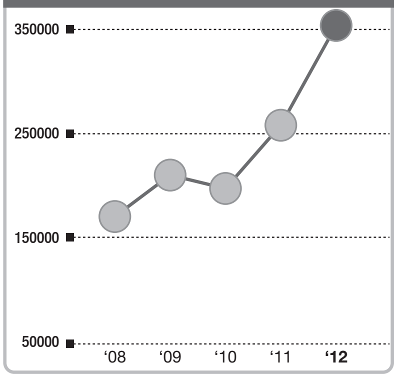


# 五年表现焦点

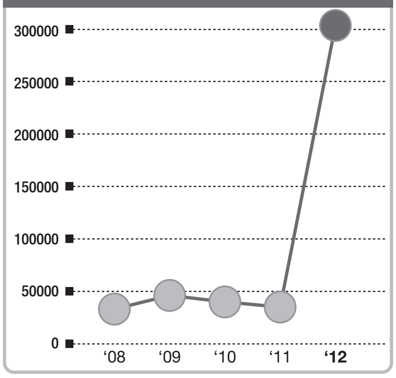
| 截至1月31日财政年 | 2008<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 |
|---|---|---|---|---|---|
| 营收 # | 174,728 | 212,662 | 198,389 | 264,222 | 356,681 |
| 税前盈利 # | 32,203 | 46,302 | 40,099 | 32,854 | 303,982 |
| 税项 # | (256) | (3,506) | 840 | (6,342) | (15,683) |
| 净盈利 | 31,947 | 42,796 | 40,939 | 26,512 | 288,299 |
| 股票数额 ('000) | 323,334 | 323,390 | 486,712 | 609,681 | 610,368 |
| 调整后每股收益* (令吉) | 0.05 | 0.07 | 0.06 | 0.04 | 0.47 |
| 净资产 | 1,018,944 | 1,123,828 | 1,163,909 | 1,192,895 | 1,396,849 |
| 调整后每股资产净额* (令吉) | 1.67 | 1.84 | 1.91 | 1.95 | 2.29 |
| 总贷款 | 197,515 | 206,738 | 271,405 | 319,595 | 221,749 |
| 负债比率 (倍) | 0.19 | 0.18 | 0.23 | 0.27 | 0.16 |

* 2008-2010 财政年的每股收益和每股资产净额，经调整使用2011财政年扩大后的股本计算。
# 包含待出售及已出售子公司业绩

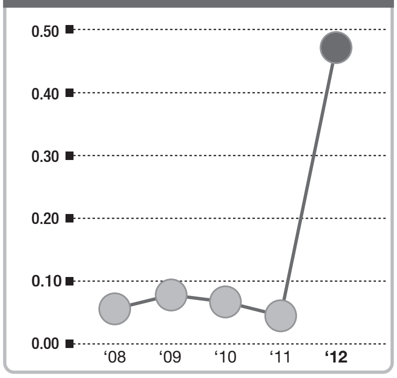
**营收** ('000令吉)



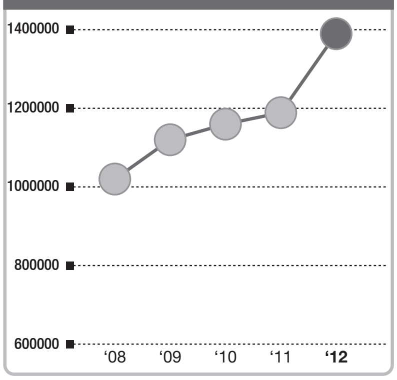

**税前盈利** ('000令吉)



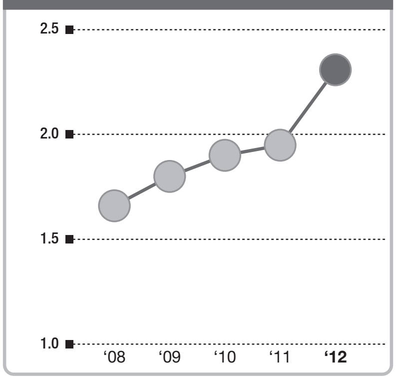

**调整后每股收益** (令吉)



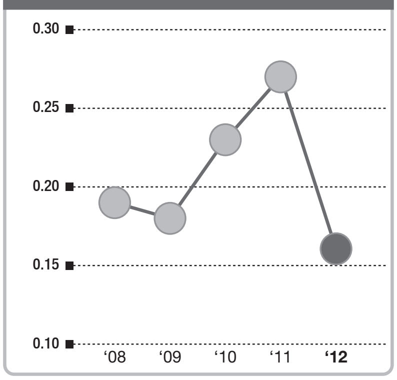

**净资产** ('000令吉)




**调整后每股资产净额** (令吉)




**负债比率** (倍)



**TAN LEI CHENG**
*(Non-Independent Executive Chairman & Chief Executive Officer)*

Tan Lei Cheng, aged 55, a Malaysian, was appointed a director of Goldis Berhad ("Company") on 20 September 2000. Ms Tan was appointed Executive Chairman and Chief Executive Officer ("CEO") of the Company on 6 May 2002. She was the CEO of Tan & Tan Developments Berhad ("Tan & Tan") a property development company, from March 1995 to August 2003. Tan & Tan is a public company listed on Bursa Malaysia Securities Berhad until Goldis Berhad took over its listing on 8 May 2002, following the completion of the merger between the Company, Tan & Tan and IGB Corporation Berhad. She is the prime mover in identifying and developing projects that are in the growth industry sector. She has 30 years of experience in the property industry and the corporate sector. She holds a Bachelor of Commerce from the University of Melbourne, Australia, and a Bachelor of Law from King's College, London (LLB Hons). She is also a member of Lincoln's Inn and was admitted to the English Bar in 1983. She is a member of the World Presidents' Organisation, Malaysia Chapter. She is also a member of Kuala Lumpur Business Club ("KLBC") Advisory Council. She is a director of IGB Corporation Berhad, KrisAssets Holdings Berhad, Macro Kiosk Berhad, Tan & Tan Developments Berhad and Dato' Tan Chin Nam Foundation.

She is a member of the Remuneration and ESOS Committees.

She is a sister of Tan Boon Lee, a director of the Company. She is also a sister of Tan Boon Seng, who is a major shareholder of Goldis Berhad. She is a cousin of Pauline Tan Suat Ming, Robert Tan Chung Meng and Tony Tan @ Choon Keat, who are major shareholders.

She has no conflict of interest with the Company and has no conviction for offences within the past 10 years.

**DATUK TAN KIM LEONG @ TAN CHONG MIN, J.P.**
*(Senior Independent Non-Executive Director)*

Datuk Tan Kim Leong @ Tan Chong Min, aged 72, a Malaysian, was appointed to the Board of the Company on 11 January 2002. He is a Fellow member of the Institute of Chartered Accountants, Australia and the Malaysian Institute of Chartered Secretaries and Administrators. He holds professional memberships in the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Other directorships in public companies include MCIS Zurich Insurance Berhad, Yayasan Bursa Malaysia, Gul Technologies Singapore Ltd, Amoy Canning Corporation (Malaya) Berhad and KL Industrial Services Berhad.

He is the Senior Independent Director, Chairman of the Audit Committee and a member of the Nomination, Remuneration and ESOS Committees.

He has no conflict of interest with the Company and has no conviction for offences within the past 10 years. He is not related to any members of the board nor major shareholders.

**PAULINE TAN SUAT MING**
*(Non-Independent Non-Executive Director)*

Pauline Tan Suat Ming, aged 66, a Malaysian, was appointed a director of the Company on 7 January 2002. Ms Pauline Tan holds a Bachelor of Science (Honours) in Biochemistry from University of Sussex, England and is also a Fellow of the Institute of Chartered Secretaries and Administrators. She worked as a chemist in Malayan Sugar Manufacturing Co Berhad from 1969 to 1972. She joined Tan Kim Yeow Sdn Bhd as an Executive Director in 1976 and joined Wah Seong Group of Companies in 1983. She is a director of Wah Seong Corporation Berhad, IGB Corporation Berhad and Yayasan Wah Seong.

Ms Pauline Tan is the Chairman of the Nomination Committee and a member of the Remuneration Committee. She is a cousin of Tan Lei Cheng and Tan Boon Lee, directors of the Company and a cousin of Tan Boon Seng who is a major shareholder of the Company. She is a sister of Tony Tan @ Choon Keat and Robert Tan Chung Meng who are major shareholders.

She has no conflict of interest with the Company and has no conviction for offences within the past 10 years.

**TAN BOON LEE**
*(Non-Independent Non-Executive Director)*

Tan Boon Lee, aged 48, a Malaysian, was appointed a director of the Company on 11 January 2002. Mr Tan holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 24 years of experience in the property and hotel industry, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He is a director of IGB Corporation Berhad, KrisAssets Holdings Berhad, Macro Kiosk Berhad, Tan & Tan Developments Berhad, SW Homeowners Berhad and Dato' Tan Chin Nam Foundation.

He is a member of the Audit, Remuneration and ESOS Committees.

He is a brother of Tan Lei Cheng, a director of the Company. He is also a brother of Tan Boon Seng who is a major shareholder of Goldis Berhad. He is a cousin of Pauline Tan Suat Ming, Robert Tan Chung Meng and Tony Tan @ Choon Keat, who are major shareholders.

He has no conflict of interest with the Company and has no conviction for offences within the past 10 years.

**DAUD MAH BIN ABDULLAH @ MAH SIEW WHYE**
*(Independent Non-Executive Director)*

Daud Mah Bin Abdullah @ Mah Siew Whye, aged 50, a Malaysian, was appointed a director of the Company on 15 January 2003. He holds a Bachelor of Science (Econs) degree from the London School of Economics and Political Science and a Masters in Business Administration majoring in Finance from Wharton School, University of Pennsylvania. He is a member of the Institute of Chartered Accountants of England and Wales, and of the Malaysian Institute of Accountants.

His working experience commenced with Coopers & Lybrand, London from 1984-1989. After completing his Masters in Business Administration in 1992, he returned to Malaysia to join The Boston Consulting Group. He left The Boston Consulting Group in 1995 and set up a boutique fund management company called Kumpulan Sentiasa Cemerlang Sdn Bhd where he is a Director. He is also a director of KSC Capital Berhad.

He is the Chairman of the Remuneration and ESOS Committees and a member of the Audit and Nomination Committees.

He has no conflict of interest with the Company and has no conviction for offences within the past 10 years. He is not related to any members of the board nor major shareholders.

The Board of Directors of Goldis Berhad ("Goldis") is committed to achieve and demonstrate the highest standards of corporate governance, consistent with the size and nature of the Group. We see it as crucial in ensuring that we conduct ourselves honestly, transparently, responsibly, and that we are appropriately accountable to our stakeholders.

As such, the Board is committed to ensure that the Group has applied the principles and the extent of compliance with the Best Practice of good corporate governance as set out in Part I and Part II respectively of the Malaysian Code of Corporate Governance ("the Code").

## THE BOARD

### (i) Board Balance

The Board of Goldis sees its primary role as protecting and enhancing long-term shareholder value. It directs and monitors the business and affairs of the Group on behalf of the shareholders to ensure that the Group's objectives are met. The size of the Board, comprising five (5) members is appropriate, made up of one (1) Executive Director and four (4) Non-Executive Directors of whom two (2) are Independent Directors, fulfilling the prescribed requirements for one-third (1/3) of the membership of the Board to be Independent Board Members. The Chief Executive Officer ("CEO") is the sole Executive Director. The Board is of the view that its current composition brings a wide spectrum of diverse skills and expertise to the Group. A brief profile of each Director is presented in the Profile of the Board of Directors.

Due to the size and the business nature of the Company, the positions of the Chairman and the CEO of the Company are held by the same person. The CEO has overall responsibilities over the development of corporate objectives, operational units, organizational effectiveness and implementation of Board policies and decisions. The function of the Chairman that is currently held by the CEO is to ensure the orderly conduct and working of the Board, the management of the business and the implementation of such policies and strategies as approved by the Board. The Board has the overall responsibility for corporate governance, strategic direction, effective monitoring of management, reviewing the adequacy and integrity of the Company's internal control systems, identifying principal risks and ensuring the implementation of appropriate systems to manage risks, business plans and overseeing the investment and business of the Group.

The Board has appointed Datuk Tan Kim Leong as the Senior Independent Non-Executive Director to whom any concerns pertaining to the Group may be conveyed.

The Non-Executive Directors, all of whom are well qualified and outstanding individuals, are professionals in their own right and bring to the Board in-depth knowledge in their respective fields. The Non-Executive Directors are independent of executive management and free of any business relationship that could materially interfere with the exercise of unfettered and independent judgement that could compromise their ability to act in the best interests of the Company. The Independent Non-Executive Directors are drawn from a range of business and other background and play a significant role in providing unbiased and independent views, advice and judgement. They also serve as a check and balance to carry sufficient weight in Board decisions.

The Board has reserved for itself powers in respect of significant areas in the Group's business including major investment decisions, strategic plans, approval of major capital expenditure and acquisition and disposal of business segments.

### (ii) Board Meetings and Supply of Information

The Board meets at least quarterly with matters addressed by way of circular resolutions and additional meetings convened as and when necessary. Board meetings for each financial year are scheduled in advance before the end of the financial year to enable the Directors to plan accordingly to fit the Board meetings into their schedules. Senior management officers are invited when necessary, to attend the Board meetings to update the Directors on their respective business portfolios and to brief the Directors on proposals submitted for the Board's consideration. Prior to each Board meeting, every Director is given an agenda together with a set of Board papers that is well-structured and in concise format providing both quantitative and qualitative information to be deliberated. All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. Where the Board is considering a matter which a Director has an interest, the interested Director will disclose his interest and abstains from participating in any discussion or voting on the subject matter. In the event a corporate proposal is required to be approved by shareholders, the interested Director will abstain from voting in respect of his/her shareholdings on the resolution relating to the corporate proposal and will undertake to ensure that persons connected abstain from voting as well.

The Board met on four (4) occasions during the financial ended 31 January 2012. The members of the Board and their attendance at the meetings were as follows:-

| Name of Director | Total Meetings Attended | Percentage of Attendance (%) |
|---|---|---|
| Ms Tan Lei Cheng | 4/4 | 100 |
| Datuk Tan Kim Leong | 4/4 | 100 |
| Encik Daud Mah Bin Abdullah | 4/4 | 100 |
| Ms Pauline Tan Suat Ming | 4/4 | 100 |
| Mr Tan Boon Lee | 4/4 | 100 |
| Datuk Harun Bin Hashim Mohd *(resigned on 26 April 2012 )* | 3/4 | 75 |

The Directors have unrestricted access to information pertaining to the Groups' business and affairs to enable them to discharge their duties effectively.

All Directors have access to further information which they may require in discharging their duties including seeking independent professional advice where necessary at the Company's expense. This information includes both verbal and written details. In addition, all Directors have access to the advice and services of the Company Secretaries. The Directors are regularly updated by the Company Secretary on the new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.





**(iii) Directors' Code of Ethics**

The Board of Directors observes a Code of Ethics based on the code of conduct expected of Company Directors as set out in the Directors' Code of Ethics established by the Companies Commission of Malaysia.

**(iv) Whistle-Blowing Policy**

In line with good governance and transparency, a Whistle-Blowing Policy was adopted by the Company to provide an avenue for concerns, complaints or grievances on any possible improprieties, weaknesses or malpractices in the Company to be raised at the earliest opportunity to enable the Company to take corrective and preventive action. The policy allows complaints to be made by employees and the public against the Company in an appropriate manner without fear of retaliation or victimisation.

**(v) Appointment and Re-election of Directors**

Pursuant to Section 129 of the Companies Act, 1965, Directors who are or over the age of seventy (70) years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

In accordance with the Company's Articles of Association, all Directors retire from office at least once in every three years and offer themselves for re-election. The election of each Director is voted on separately. The Executive Director also rank for re-election by rotation. Re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.

**(vi) Directors' Remuneration**

**(a) Level and Make-up of Remuneration**

The objective of the Company's policy on Directors' remuneration is to attract and retain the Directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance.

(b) **Remuneration Procedure**

The Remuneration Committee recommends to the Board the framework of the CEO's remuneration and the remuneration package in all its forms, drawing from outside advice where necessary. However, the determination of remuneration packages of all Directors is a matter of the Board as a whole.

The Non-Executive Directors are paid annual fees which are approved annually by the shareholders. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

Each individual Director abstains from the Board decision on his own remuneration package.

(c) **Remuneration Package**

Aggregate remuneration of Directors categorised into appropriate components for the financial year ended 31 January 2012 is as follows:

| Category of Directors | Fees RM | Salary RM | Bonus RM | Benefits-in-kind RM | Total RM |
|---|---|---|---|---|---|
| Executive Director | 15,000 | 710,288* | 143,960 | 7,200 | 876,448 |
| Non-Executive Directors | 120,000 | - | - | - | 120,000 |

** The salary is inclusive of statutory employer's contribution to Employees Provident Fund.*

The aggregate remuneration of Directors analysed into bands for the financial year ended 31 January 2012 is as follows:

| Range of Remuneration | Executive Director | Non-Executive Directors |
|---|---|---|
| Below RM50,000 | - | 5 |
| RM50,001 – RM100,000 | - | - |
| RM100,001 – RM700,000 | - | - |
| RM700,001 – RM750,000 | - | - |
| RM750,001 – RM800,000 | - | - |
| RM800,001 – RM850,000 | - | - |
| RM850,001 – RM900,000 | 1 | - |

(vi) **Directors' Training**

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Board recognizes the need to attend programmes and seminars to keep abreast with developments of new laws, regulations or best practices, or to be updated with new development in the market place. All Directors are offered the opportunity to further their professional development by means of attendance at seminars and briefings.

The training programmes and seminars attended by the Directors during the financial year ended 31 January 2012 are set out below:

Courses:
- Going World Class with the New Chapter of Marketing
- Talk by PricewaterhouseCoopers ("PwC") on Budget 2012, Tax : Legislative and Practice Developments and PwC Global Economic Crime Survey 2011
- Neuro-Linguistic Programming

## THE BOARD COMMITTEES

Board Committees assist the Directors in the discharge of their duties and responsibilities. All Committees operate under board approved terms of reference, which may be updated from time to time to keep abreast with developments in law and best practices in Corporate Governance. The Board has established four (4) Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee.

### (i) Audit Committee

Please refer to pages 27 to 30 of this Annual Report.

### (ii) Nomination Committee

The Nomination Committee comprises entirely of Non-Executive Directors with the majority being Independent. The Nomination Committee's primary function is to consider and propose new nominees on the Board based on their skills, knowledge, expertise, experience, professionalism and integrity. The Nomination Committee also assess Directors on an on-going basis and propose re-election and re-appointment of Directors seeking re-election at the Annual General Meeting. The actual decision as to who shall be nominated is the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Nomination Committee undertakes an annual review of the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors need to bring to the Board, performance of the Board as a whole, individual Directors and Board Committees. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are documented. Meetings of the Nomination Committee are held as and when required and at least once a year. The Nomination Committee met once during the financial year.

The Nomination Committee is chaired by Ms Pauline Tan Suat Ming.

### (iii) Remuneration Committee

The Remuneration Committee comprises mainly of Non-Executive Directors. The Remuneration Committee's primary function is to set the policy framework and recommend to the Board the remuneration packages and benefits extended to the Directors, drawing from outside advice where necessary. The determination of the remuneration package for Directors is a matter of the Board as a whole. The Director concerned abstains from deliberations and voting on decisions in respect of his/her individual remuneration package.

Meetings of the Remuneration Committee are held as and when required and at least once a year. During the financial year, the Remuneration Committee met once. Amongst the items deliberated by the Remuneration Committee in 2011 were the Directors' fees, annual bonus and salary increment of the employees and the remuneration of the Chairman/CEO.

The Remuneration Committee is chaired by Encik Daud Mah Bin Abdullah.

### (iv) ESOS Committee

The ESOS Committee's primary function is to administer the Employees' Share Option Scheme in accordance with the Bye-Laws.

The ESOS Committee is chaired by Encik Daud Mah Bin Abdullah.

## RELATIONSHIP WITH SHAREHOLDERS

The Board recognizes the importance of effective communication with the Company's shareholders and all other stakeholders including the general public. Goldis Group maintains a high level of disclosure and extensive communication with its stakeholders by providing clear, comprehensive and timely information through a number of readily accessible channels. In addition to the announcements on quarterly results and other corporate news, press releases and announcements for public dissemination are made periodically to capture any significant corporate event or product launch that would be of interest to investors and members of the public.

The Company's website at http://www.goldis.com is used as a forum to communicate with shareholders and investors and to provide information on the Groups' business activities. Announcements to Bursa Malaysia on corporate news, quarterly results and annual report that contain current and historical information are also accessible to shareholders.

The Annual General Meeting (AGM) is the principal avenue for dialogue and interaction with the shareholders, where they may seek clarifications on the Group's performance, major developments of the Group as well as on the resolutions being proposed. The Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements and information on the Audit Committee and the Board of Directors, is sent to all shareholders on a timely basis.

## ACCOUNTABILITY AND AUDIT

### (i) Financial Reporting

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company used appropriate accounting policies which are consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also ensure that the financial statements present a fair and understandable assessment of the Company's position and prospects. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board prior to the release to Bursa Malaysia and Securities Commission.

### (ii) Related Party Transactions

The Company practices 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.

### (iii) Internal Control

The Board has overall responsibility for maintaining a sound system of internal control and risk management to safeguard shareholders' investment and the Group's assets. The Statement of Internal Control is set out on pages 25 and 26 of this Annual Report providing an overview of the state of internal control within the Group.

### (iv) Relationship with the Auditors

The Board has established a formal and transparent professional relationship with the Group's auditors through the Audit Committee. The auditors are invited to attend Audit Committee Meetings at least twice a year without executive board members present and will highlight to the Audit Committee significant matters requiring deliberation and attention.

The Audit Committee has been accorded the power to communicate directly with both the external auditors and the internal auditors.

## ADDITIONAL COMPLIANCE INFORMATION

### Share Buy-Back

The Company had on 23 June 2011 obtained its shareholders' approval at the Annual General Meeting to buy back shares of the Company. However, the Company has not conducted any share buy back for the financial year ended 31 January 2012.

### Employees' Share Option Scheme ("ESOS")

During the financial year ended 31 January 2012, 687,000 options were exercised pursuant to the ESOS which was approved by the shareholders at the Extraordinary General Meeting held on 21 December 2001.

(a) There is only one scheme currently in existence during the financial year and the details of the options are set out below:-

| | | |
|---|---|---|
| (i) | total number of options granted during the financial year | = 340,000 |
| (ii) | total number of options granted during the financial year which were exercised | = 238,500 |
| (ii) | total options granted during the financial year which remained outstanding | = 101,500 |

(b) In regard to options granted to the Directors and Chief Executive Officer (during the financial year):

| | | |
|---|---|---|
| (i) | aggregate options granted during the financial year | = Nil |
| (ii) | aggregate options granted during the financial year which were exercised | = Nil |
| (iii) | aggregate options granted during the financial year which remained outstanding | = Nil |

In regard to options granted to the Directors and Chief Executive Officer (since commencement of the scheme):

| | | |
|---|---|---|
| (i) | aggregate options granted since commencement of the scheme (excluding bonus issues) | = 3,500,000 |
| (ii) | aggregate options granted since commencement of the scheme which were exercised (excluding bonus issues) | = 3,500,000 |
| (iii) | aggregate options granted since commencement of the scheme which remained outstanding (excluding bonus issues) | = Nil |

(c) In regard to options granted to the Directors and senior management (during the financial year):

| | | |
|---|---|---|
| (i) | aggregate maximum allocation applicable to Directors and senior management in percentage during the financial year | = 2.29% * |
| (ii) | the actual percentage granted to them during the financial year | = 0.23% * |

In regard to options granted to the Directors and senior management (since commencement of the scheme):

| | | |
|---|---|---|
| (i) | aggregate maximum allocation applicable to Directors and senior management in percentage since commencement of the scheme (excluding bonus issues) | = 10.90% * |
| (ii) | the actual percentage granted to them since commencement of the scheme (excluding bonus issues) | = 7.77% * |

** calculated based on total number of shares to be issued under the Scheme*

(d) No options were offered to or exercised by Non-Executive Directors pursuant to the Scheme during the financial year.

**Sanctions and/or Penalties**

During the financial year ended 31 January 2012, the Group incurred the following penalties imposed by the following relevant regulatory bodies:-

- Macro Kiosk Berhad ("MKB") subsidiary of Goldis paid late charges on late contributions amounting to RM2,000.00 imposed by Kumpulan Wang Simpanan Pekerja ("KWSP") and a fine for underestimation of tax amounting to RM266.21 imposed by Lembaga Hasil Dalam Negeri;

- Macro Simnergy Sdn Bhd, a subsidiary of Goldis paid late charges on late contributions amounting to RM200.00 imposed by KWSP.

**Non-Audit Fees**

Non-audit fees amounting to RM107,405.00 were paid to the external auditors for the services rendered in connection with the audit for the financial year ended 31 January 2012.

**Material contracts**

Other than disclosed in Note 46 of the Financial Statements, there were no other material contracts entered into by the Company and/or its subsidiaries which involved Directors' or major shareholders' interests either still subsisting at the end of the financial year ended 31 January 2012 or which were entered into since the end of the previous financial year.

This statement was made in accordance with the resolution of the Board of Directors passed on 27 March 2012.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and Company as at 31 January 2012 and of the results and cash flows of the Group and Company for the financial year ended on that date.

The Directors are pleased to announce that in preparing the financial statements for the financial year ended 31 January 2012, the Group has:

- ensured compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965;
- adopted and consistently applied appropriate accounting policies; and
- made judgements and estimates that are prudent and reasonable.

The Directors are also responsible for ensuring that the Group and Company keep proper accounting records. In addition, the Directors have overall responsibilities for the proper safeguarding of the assets of the Group and Company and taking such reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was made in accordance with the resolution of the Board of Directors passed on 27 March 2012.

Goldis Berhad ("Goldis") Group regards itself as part of society and is constantly mindful of its duty to behave as a responsible corporate citizen. The Group recognizes that a strong corporate social responsibility performance represents an integral dimension of its overall business performance and, accordingly growth in shareholder value.

## EMPLOYEES

Goldis Berhad Group offers a conducive working environment where each member of our diverse and talented team can develop and make a difference. We believe that fostering such an environment helps us build a more productive, vibrant and loyal workforce. Employer-employee relationships are built on trust. This trust empowers employees at all levels and divisions to feel worthy and exceed expectations. The Group encourages open and honest communication between employees and management throughout the organization.

Our growth would not have been possible without the unfailing support and commitment of our employees. We aim to attract and retain the most talented employees by providing a merit-based environment supported by a fair and competitive employment practices and equal opportunities. There is no discrimination between men and women or among races. The Group offers medical benefits which include medical care, hospitalisation and insurance benefits to employees. The Group provides many opportunities for the employees to learn and grow in their careers. Our employees are encouraged to identify training that could help enhance their skills.

As part of the Goldis' effort to build better rapport among the employees, several activities were organized throughout the year to create social balance. A company trip to Kunming, China was organized for Goldis staff to unwind and to build the team spirit. Other staff appreciation and recognition efforts include festive gatherings and birthday celebrations.

To promote work-life-balance and a healthy lifestyle, our people are encouraged to engage in sporting and leisure activities. Through our subsidiary, Elements Gym Sdn Bhd ("Elements Gym") which operates a boutique gym at GTower, our employees could re-energise after a long day of work and meetings with an invigorating workout at the wellness floor or alternatively head out to the infinity pool for a swim.

The Group recognizes its responsibilities to ensure the well-being, safety and welfare of its employees. Goldis has been very participative in numerous fire drills and briefing/training sessions conducted by the building security. Fire wardens are appointed to lead and guide their colleagues in emergency situations. Inspections on fire extinguishers installed at office premises are conducted regularly.

## ENVIRONMENT

The Group believes it has a part to play in contributing towards a greener environment. We strive to achieve a sustainable balance between development and conservation.

*Sustainable Construction - GTower Sdn Bhd ("GTower")*

Goldis has long recognized the importance of sustainable construction for the future of Malaysia. With commercial buildings accounting for around 40% of global energy consumption, the answer to reducing the carbon footprint is for buildings to be energy efficient to reduce energy use, as natural resources are finite.

GTower on Jalan Tun Razak in Kuala Lumpur, owned by GTower Sdn Bhd has broken ground as Malaysia's first green building to be fully certified by the Singapore Building and Construction Authority (BCA). The building has received the prestigious Green Mark Gold standard and has been conferred with the coveted Multimedia Super Corridor (MSC) Malaysia Cybercentre Status.

GTower's sustainable design initiatives started with the architecture. To ensure the glass would not result in too much heat transfer, the building was oriented so the greater expanses of glass are to the North and South, and are less affected by solar radiation than the East and West elevations. In addition, the entire building is double-glazed. The building was designed to provide estimated annual energy savings of 5.2 million kilowatts. The use of energy-efficient lighting is a key factor. The building is equipped with motion sensors, so lighting is only used where needed. And there are photosensors that take into account the amount of natural light coming into the space – lighting levels are automatically adjusted to ensure no energy is wasted.

The building's air conditioning plant incorporates an energy-efficient heat recovery system. Waste heat recovered from the condensate units generates hot water for the hotel rooms. There is also an auto-clean system that keeps the chiller tubes free of dirt, enhancing their efficiency. In addition, there are energy-efficient outdoor air coolers for the alfresco dining area on the rooftop.

Water savings are another sustainable design feature. This is achieved through water-efficient fixtures and rainwater harvesting for landscape irrigation. Other sustainable design initiatives include the use of VOC-free paints and wallpapers, eco-friendly carpet, environmentally friendly materials, refrigerant leak detection systems, recycling systems and salt chlorinators for the swimming pool to minimize chemical use.

As a reminder to conserve energy, GTower has been participating in Earth Hour every year since 2010. Earth Hour is a global event held annually where households and businesses are encouraged to turn off non-essential lights and other electrical appliances for one hour to raise awareness towards the need to take action on climate change.

GTower Hotel is also the first Fully Certified Green Hotel. As a winner of the Best New Hotel Design and Construction in 2011, GTower Hotel prides itself in taking a leadership role in establishing a green community and practices the following:-

- conversion of waste oil into bio-soap;
- composting organic waste from the kitchen into fertilizer;
- fruit and vegetable waste is produced into bio-enzyme cleaners;
- use of recycled paper on printed collaterals and takeaway baggies;
- use of green certified biodegradable cleaners or cleaning agents;
- recycling bins in public access areas on each floor of the building;
- separation of trash in kitchen and stewarding departments.

*Sustainable Aquaculture – G Fish (Asia) Sdn Bhd ("G Fish (Asia)")*

With the rapid diminishing supply of fish in the world and given the huge potential business opportunity, another subsidiary, G Fish (Asia) embarked on organically grown fish using a land based controlled aquaculture system. G Fish (Asia) contributes to saving the environment as 'for every fish cultivated, we can save one fish in the ocean'. The system is environmentally friendly as the water used is recycled and the tanks are not overcrowded so as to reduce stress on the fish.

*Waste Water Treatment - Crest Spring Pte Ltd ("Crest Spring")*

We continue to invest in waste water treatment facilties. Increase in awareness on the damages of waste water discharging into the open environment and threatening water resources has led to governmental initiatives to regulate the discharge of waste water in China, creating more demand for the services of Crest Spring. Through water concessions awarded by the China Government, Crest Spring owns and operates water treatment plants in GanYu County (JiangSu province), Dajijia District, Yantai Economic and Technical Development Zone (Shandong Province) and Zou Cheng, Jining City (Shandong Province). Waste water collected is treated and discharged back to the ecosystem.

*Paper Manufacturing – Tianjin Manax Natural Fibre Thin Film Co Ltd ("Tianjin Manax")*

Tianjin Manax, the Group's corrugated paper manufacturer in Tianjin, China operates one of the most environmental friendly and productive plants in China through technology innovation. With its advance internal innovative design, fresh water used in the production of 1 tonne of medium liner paper is only 3 cubic metres compared to the industry average of 30 to 50 cubic metres and the steam produced is only 1.6 tonnes compared to the industry average of 2.5 to 3 tonnes. Tianjin Manax also has the ability to recycle treated water into the production process, leading to higher fibre recovery which ultimately leads to near zero waste water discharge. Domestic waste paper is used instead of wood pulp from trees as raw materials in its paper manufacturing process, thus reducing the number of trees cut down.

## COMMUNITY

Goldis is committed to improving education and social conditions.

### Education

The Group gives high priority to education. The Group believes that education is the foundation to one's personal development and growth. The Group, through Dato' Tan Chin Nam Foundation continues to provide education subsidies to the poor and underprivileged but outstanding students to pursue their tertiary education locally. The Foundation hopes to give these deserving students a chance to have higher education necessary to break the cycle of poverty and become capable leaders of the future. The Foundation granted scholarships totaling RM66,472.63 in the year under review to gifted and ambitious students to assist them with their studies.

### Social Welfare

As a socially responsible corporate citizen, we also believe in giving back to the community. During the year, the Group has undertaken the following CSR initiatives for the community:-

- Elements Gym continues to reach out to children from Agathians Shelter by electing the shelter as its long term community outreach partner. In 2011, Elements Gym organized a Chinese New Year lunch and lion dance with red packets for the children. It was a jubilant atmosphere as gym members joined the celebration and got to know the children. During the recent Christmas season, Elements Gym ran a fund collection campaign and donation drive with gym members to help raise money for key essential items to run the home. The children were greeted with a pleasant surprise on Christmas morning with food, treats, school provisions, books and stationeries.

- G Fish (Asia) operates an aquaculture fish farm at Jalan Kampong Orang Asli Buloh Telor, off Jalan Ampang Pechah, Kuala Kubu Bharu, Selangor where there are about 35 orang asli families with 40 school going children living in the village nearby. The company initiated a donation drive where funds collected were used to purchase school shoes, rice and other food stuff which were then distributed to the villagers and children.

- GTower donated RM2,000.00 in cash to 'The KL Players', a theatre group that has been performing in Kuala Lumpur for the past 10 years where the performers are volunteers and all proceeds raised are given to charity to buy educational supplies, food, medical care and equipment necessary to run a healthy, safe and happy home for children.

- GTower Hotel brought cheer to orphanages and old folks by contributing pillows to Mettahome Group and Tong Sim Senior Citizens Care Centre.

- Macro Lynx Sdn Bhd commemorated the importance of CSR through an environmental and conservation programme. This was done through efforts made during their Family Day held at Sri Rusa, Port Dickson where their staff and family members collected 145 kilogrammes of debris and litters along Tanjung Biru beach. Effective Microorganisms ("EM") mud balls were also placed into the mangrove swamps to enhance the vitality of the local ecology in the area.

### MARKET PLACE

At Goldis Group, we believe in conducting our business ethically, with integrity and transparency. We accord the same degree of confidentiality to customers and suppliers as we do our own confidential information. Goldis also provides clear and timely information to the market place through its website at www.goldis.com. We are also stringent about adhering to Bursa Malaysia Securities Berhad's guidelines on timely corporate announcement, annual reports and circulars to shareholders.

The Board recognises the importance of a sound system of internal control to safeguard shareholders' investment and Group's assets.

The Board affirms its overall responsibility for the Group's system of internal control. This includes reviewing the adequacy and integrity of financial, operational, compliance controls and risk management procedures. In view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. It can only provide reasonable and not absolute assurance against material errors, misstatement, losses, fraud or breach of set regulation.

The Group's system of internal control mainly applies to its operating units, subsidiaries and does not cover associated company. In addition to the periodic review of internal control, letter of assurance are provided by the subsidiaries that are responsible for designing and implementing the internal controls to assert that the existing internal control systems are adequate and functioning effectively. The Management of Goldis Berhad believes that the system of internal control of these companies is adequate through regular performance reviews.

## RISK MANAGEMENT

The Board recognises that risk management is an integral part of the system of internal control and good management practice that strengthens the business planning processes.

There is an on-going and systematic risk management process undertaken by Management to identify, assess and evaluate principal risks and to ensure that appropriate risk treatments are in place to mitigate those risks affecting the achievement of the Group's business objectives. All risks and treatments were detailed in the Key Risk Registers which were constantly monitored and updated.

Management reports regularly on the management of risks to the Chairman/Group Chief Executive Officer, whose main role is to assess, on behalf of the Board, the major business risks faced by the Group and the adequacy of internal controls to manage those risks. Any significant changes in the business and the external environment which may result in significant risks will be reported to the Audit Committee and Board accordingly.

## OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

The other key elements of the Group's internal control system include:

*Clearly defined lines of responsibility and delegated authority*

The Group has an organisational structure which clearly defines the responsibilities and reporting lines including relevant authorisation levels.

*Management Meetings*

The Chairman/Group Chief Executive Officer meets periodically with the Group's departmental heads to share information, monitor the progress of various business units, and to deliberate and decide upon operational matters, and with the respective business unit Chief Executive Officer to review the business unit financial performance, business development, management and corporate issues.

*Budget*

The Annual Budgets and revised Budgets are prepared by each operating company in the Group and are submitted to the Board for approval. It provides the Board with comparative information to assess and monitor performance of the Group.

*Internal Audit*

The Group Internal Audit Department reports directly to the Audit Committee of the Group functionally to preserve the independence of the function. The internal audit work is focused on areas of priority as identified by risk analysis in accordance with its annual audit plan as approved by the Audit Committee.

*Best Practices in Internal Control*

An internal control best practice has been established for key areas and has been distributed to each subsidiary for adoption. Each subsidiary will review and ensure that the internal control best practices are incorporated into their existing Standard Operating Procedures.

*Information and Communication*

The Management Information Systems provide the Board with relevant and timely reports for monitoring the financial performance and the business operation of the Group.

**MONITORING**

The Board reviews the effectiveness of the system of internal control of the Group at periodic Board meetings and the system of internal control will continue to be reviewed, enhanced and updated in line with the changes in the operating environment.

The Board is pleased to report that there were no material internal control system failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year.

This statement was made in accordance with the resolution of the Board of Directors passed on 27 March 2012.

The Board is pleased to issue the following report on the Audit Committee and its activities during the financial year ended 31 January 2012.

## MEMBERS AND MEETINGS

| Name | Membership status | Meeting Attended | % of Attendance |
|---|---|---|---|
| Datuk Tan Kim Leong (Chairman) | Senior Independent Non-Executive Director | 4/4 | 100 |
| Daud Mah Bin Abdullah | Independent Non-Executive Director | 4/4 | 100 |
| Tan Boon Lee | Non-Independent Non-Executive Director | 4/4 | 100 |

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### A Objectives

The primary objectives of the Audit Committee are:

(1) To ensure transparency, integrity and accountability of the Group's activities so as to safeguard the rights and interests of the shareholders.

(2) To provide assistance to the Board in discharging its responsibilities relating to the Group's management of principal risks, internal control, financial reporting and compliance with the statutory and legal requirements.

(3) To maintain regularly scheduled meetings, a direct line of communication between the Board, senior management, internal and external auditors.

### B Membership

The Audit Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three (3) members, a majority of whom shall be independent directors. All members of the Audit Committee should be non-executive directors. If membership for any reason falls below three (3) members, the Board shall within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

(1) The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

(2) No alternate director shall be appointed to the Audit Committee.

(3) All members should be financially literate and at least one 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 three (3) years of working experience and have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or he must be a member of one of the Associations of Accountants specified in Part II of the said Schedule; or

(c) has a degree/masters/doctorate in accounting or finance and at least three years' post qualification experience in accounting or finance; or

(d) at least seven (7) years of experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

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

## C Authority

The Audit Committee is authorised by the Board to:

(1) Investigate any activity within its terms of reference.

(2) Seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

(3) Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee shall have direct access to the internal and external auditors, who in turn, have access at all times to the Chairman of the Audit Committee. The Audit Committee should meet with the external auditors without executive board members present at least twice a year.

## D Functions

The functions of the Audit Committee are:

(1) To review and discuss the following with the external auditors:

(a) their audit plan;

(b) their evaluation of the internal control system;

(c) their audit report;

(d) the assistance given by the employees of the Company to them;

(2) To review the following in respect of internal auditors:

(a) the adequacy of the scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its works;

(b) the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and ensure that appropriate actions are taken on the recommendations of the internal audit function;

(c) the effectiveness of the internal control system;

(d) the major findings of internal audit and management's response;

(e) the appraisal or assessment of the performance of members of the internal audit function;

(3) To review the quarterly results and year end financial statements, prior to the submission to the Board for their approval, focusing particularly on:

(a) going concern assumptions;

(b) changes in or implementation of major accounting policy changes;

(c) significant and unusual events; and

(d) compliance with accounting standards and other legal requirements;

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

(5) To consider and recommend the nomination and appointment, the audit fee and any questions of resignation, dismissal or re-appointment of the external auditors; and

(6) Such other functions as may be agreed to by the Audit Committee and the Board.

**E Meetings and Minutes**

Meetings shall be held not less than four (4) times a year. The external auditors may request for a meeting and shall have the right to appear and be heard at any meeting of the Audit Committee. The Audit Committee Chairman shall convene a meeting whenever any member of the Audit Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Audit Committee and the external auditors, where applicable.

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

Members may, if they think fit, confer by radio, telephone, closed circuit television or other electronic means of audio or audio-visual communication and a resolution or decision passed by such a conference will, despite the fact that the members are not present together in one place at the time of the conference, be deemed to have been passed at the Audit Committee Meeting held on the day on which and at the time at which the conference was held. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the members attending the meeting provided that at least one (1) member present at the meeting was at such place for the duration of the meeting.

The quorum for a meeting shall be two (2) provided always that the majority of members present must be independent directors and any decision shall be by a simple majority. The Audit Committee Chairman shall not have a casting vote.

The Chief Financial Officer, the Head of Internal Audit and a representative of the External Auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee.

The Company Secretary shall be the Secretary of the Audit Committee and shall circulate the minutes of meeting of the Audit Committee to all members of the Board.

## ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

The Audit Committee has discharged its duties as set out in its Term of Reference. The major areas reviewed by the Audit Committee during the financial year ended 31 January 2012 were as follows:

(a) Reviewed the audit plan, audit strategy and scope of work of the external auditors;

(b) Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management response;

(c) Reviewed and approved the internal audit plan and scope of work of the internal auditors;

(d) Reviewed the internal audit reports which highlighted audit issues with recommendations and management's response;

(e) Reviewed the internal audit reports arising from the follow-up reviews following each audit;

(f) Reviewed the competency and resources of the internal auditors;

(g) Reviewed the audited financial statements and recommended the same to the Board for approval;

(h) Reviewed the quarterly financial results for announcement to Bursa Malaysia Securities Berhad and recommended the same to the Board for approval;

(i) Reviewed the adequacy and integrity of the internal control system;

(j) Reviewed the risk management programme to safeguard the companies' assets; and

(k) Reviewed the related party transactions entered into by the Group.

(l) Met with the external auditors at least twice during the financial year without the presence of any executive Board member;

(m) Reviewed and noted the Progress Reports of the Internal Audit Plan.

## EMPLOYEES' SHARE OPTION SCHEME

The Audit Committee has reviewed and verified that the allocations of options granted during the financial year under the Company's Scheme were made in accordance with the criteria as set out in the Bye-Laws and which were approved by the Employees' Share Option Scheme Committee.

## INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by the in-house Group Internal Audit Department (GIAD) in discharging its duties and responsibilities. The internal audit function is established to add value and improve the Group's operations by providing independent, objective assurance and consulting activities through its audit of the Group's key operations and also to ensure consistency in the control environment and the application of policies and procedures. The Head of Group Internal Audit reports directly to the Audit Committee to maintain the objectivity of the internal audit function.

GIAD which undertakes the internal audit function is responsible for the regular review and/or appraisal of the adequacy and effectiveness of the risk management, internal controls and governance processes within the Group. In an effort to provide value added services, GIAD also plays an active advisory role in the review and improvement of existing internal controls within the Group.

The total cost incurred in managing the GIAD for the financial year ended 31 January 2012 was RM288,577.56.

# Report and Financial Statements

The Directors are pleased to submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2012.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services.

The principal activities of the Group's subsidiaries are investment holding, property investment holding, information and communication technology services, paper manufacturing, provision of engineering services for water treatment plants and related services and aquaculture.

The Group's associate is principally involved in property development, property investment and management, owner and operator of malls, hotel operations, construction and investment holdings.

There have been no significant changes in the nature of these activities during the financial year other than the disposal of pharmaceutical operations during the financial year.

## FINANCIAL RESULTS

| | Group RM | Company RM |
|---|---|---|
| Profit for the financial year | 288,299,293 | 287,083,292 |
| Attributable to: | | |
| Owners of the parent | 286,020,299 | 287,083,292 |
| Non-controlling interest | 2,278,994 | - |
| Profit for the financial year | 288,299,293 | 287,083,292 |

## DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since the end of the previous financial year are as follows:

| | RM |
|---|---|
| In respect of the financial year ended 31 January 2011 as reported in the Directors' Report of that year: | |
| - First and final tax exempt dividend of 1.25 sen per ordinary share on 609,824,806 ordinary shares, paid on 22 July 2011 | 7,622,793 |
| In respect of the financial year ended 31 January 2012: | |
| - First interim tax exempt dividend of 1.25 sen per ordinary share on 610,229,056 ordinary shares, paid on 11 November 2011 | 7,627,847 |
| - Second interim dividend of 0.50 sen per ordinary share less tax at 25%, on 610,367,556 ordinary shares, paid on 18 January 2012 | 2,288,879 |
| - Second interim single tier dividend of 9.50 sen single tier per ordinary share, on 610,367,556 ordinary shares, paid on 18 January 2012 | 57,984,919 |
| | 75,524,438 |

The Directors do not recommend the payment of any final dividend for the financial year ended 31 January 2012.

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

## SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM609,680,556 to RM610,367,556 by way of the issuance of 687,000 ordinary shares of RM1.00 each for cash pursuant to the exercise of the Employees Share Option Scheme ("ESOS") at exercise prices ranging from RM1.00 to RM1.49 per option. The premium arising from the exercise of ESOS of RM124,025 has been credited to Share Premium.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

## EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 21 December 2001 and became effective on 20 May 2002, for a period of five years, expired on 19 May 2007, in accordance with the ESOS By-Laws.

The Company's ESOS Committee and the Board of Directors have approved an extension of the ESOS for a further period of five (5) years from 20 May 2007 to 19 May 2012, to allow for additional time for the eligible employees and Directors to exercise the remaining unexercised options and to continue to motivate and reward existing employees of the Company.

The extended ESOS is implemented in accordance with the terms of the amended By-Laws of the Company which was approved at the Extraordinary General Meeting on 22 June 2005. On that date, the Directors were authorised to offer and grant options to the following Non-Executive Directors:

Datuk Tan Kim Leong @ Tan Chong Min
Pauline Tan Suat Ming
Tan Boon Lee
Daud Mah bin Abdullah @ Mah Siew Whye

The Company has been granted exemption by the Companies Commission of Malaysia vide their letter dated 27 February 2012 from having to disclose the list of option holders and their holdings pursuant to Section 169(11) of the Companies Act, 1965, except for information of employees who were granted 250,000 options and above.

No employee of the Company and its subsidiaries has been granted 250,000 options and above under the ESOS during the financial year.

Details of the ESOS are set out in Note 33(b) to the financial statements.

## DIRECTORS

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

Tan Lei Cheng
Datuk Tan Kim Leong @ Tan Chong Min
Pauline Tan Suat Ming
Tan Boon Lee
Daud Mah bin Abdullah @ Mah Siew Whye
Datuk Harun bin Hashim Mohd (Resigned on 26 April 2012)

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the Company's Employees' Share Option Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 13 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

**DIRECTORS' INTERESTS IN SHARES**

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares, options over ordinary shares and Irredeemable Convertible Non-Cumulative Preference Shares ("ICPS") in the Company and its related corporations are as follows:

| | Number of ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|
| | At 1.2.2011 | Additions | Disposals | At 31.1.2012 |
| **Direct shareholdings in the Company** | | | | |
| Tan Lei Cheng | 8,336,075 | 52,700 | - | 8,388,775 |
| Tan Boon Lee | 3,818,731 | - | - | 3,818,731 |
| Pauline Tan Suat Ming | 757,186 | - | - | 757,186 |
| Datuk Tan Kim Leong @ Tan Chong Min | 375,000 | - | - | 375,000 |
| Daud Mah bin Abdullah @ Mah Siew Whye | 93,750 | - | - | 93,750 |
| **Indirect shareholdings in the Company** | | | | |
| Tan Lei Cheng | 3,640,473 | - | - | 3,640,473 |
| Pauline Tan Suat Ming | 168,117,625 | - | - | 168,117,625 |

Tan Lei Cheng is deemed to have an interest in the shares in the Company by virtue of her shareholdings in Dasar Mutiara (M) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965, and by virtue of her daughter, Chong Chui Fern's shareholdings in the Company pursuant to Section 122A of the Companies Act, 1965.

Pauline Tan Suat Ming is deemed to have an interest in the shares in the Company by virtue of her shareholdings in Tan Kim Yeow Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

| | Number of ICPS with a par value of RM0.05 each at an issue price of RM1.00 each | | | |
|---|---|---|---|---|
| | At 1.2.2011 | Additions | Converted | At 31.1.2012 |
| **ICPS in a subsidiary, GTower Sdn Bhd** | | | | |
| Tan Lei Cheng | 2,250,000 | - | (2,250,000) | - |
| Tan Boon Lee | 3,000,000 | - | (3,000,000) | - |
| Pauline Tan Suat Ming | 2,500,000 | - | (2,500,000) | - |

| | Number of ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|
| | At 1.2.2011 | Additions | Disposals | At 31.1.2012 |
| **Direct shareholdings in a subsidiary, GTower Sdn Bhd** | | | | |
| Tan Lei Cheng | - | 321,429 | - | 321,429 |
| Tan Boon Lee | - | 428,571 | - | 428,571 |
| Pauline Tan Suat Ming | - | 357,143 | - | 357,143 |

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; 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 render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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 affect the ability of the Group or of the Company to meet their obligations when they fall due.

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

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

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 48 to the financial statements; and

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

## AUDITORS

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

Signed in accordance with a resolution of the Board of Directors dated 9 May 2012.

**TAN LEI CHENG**
DIRECTOR

**TAN BOON LEE**
DIRECTOR

| | Note | Group 2012 RM | Group 2011 RM (Restated) | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Revenue | 7 | 194,690,839 | 101,897,325 | 31,347,053 | 12,474,871 |
| Cost of sales | 8 | (169,030,232) | (93,387,501) | - | - |
| Gross profit | | 25,660,607 | 8,509,824 | 31,347,053 | 12,474,871 |
| Other income | 9 | 1,162,949 | 851,872 | - | 40 |
| Selling and distribution expenses | | (3,069,892) | (2,392,724) | - | - |
| Administrative expenses | | (38,051,927) | (36,212,451) | (6,758,877) | (7,074,466) |
| Other expenses | 10 | (1,174,659) | (54,620) | (9,113,822) | (9,635,159) |
| Other gains/(losses) | 11 | 2,573,825 | (2,403,474) | 275,183,205 | (368,469) |
| Operating (loss)/profit | 12 | (12,899,097) | (31,701,573) | 290,657,559 | (4,603,183) |
| Finance income | 15 | 12,787,417 | 381,124 | 4,106,597 | 260,949 |
| Finance costs | 15 | (15,082,628) | (14,695,169) | (680,966) | (1,159,152) |
| Finance (costs)/income | | (2,295,211) | (14,314,045) | 3,425,631 | (898,203) |
| Share of results of an associate | 22 | 81,609,072 | 57,642,053 | - | - |
| Profit/(loss) before taxation | | 66,414,764 | 11,626,435 | 294,083,190 | (5,501,386) |
| Taxation | 16 | (11,080,512) | (1,131,117) | (6,999,898) | (1,178,750) |
| Profit/(loss) for the financial year from continuing operations | | 55,334,252 | 10,495,318 | 287,083,292 | (6,680,136) |
| Profit for the financial year from discontinued operation | 26(a) | 230,596,137 | 13,883,558 | - | - |
| Profit for the financial year from discontinuing operation | 26(b) | 2,368,904 | 2,133,024 | - | - |
| **Profit/(loss) for the financial year** | | **288,299,293** | **26,511,900** | **287,083,292** | **(6,680,136)** |
| Attributable to: | | | | | |
| Owners of the parent: | | | | | |
| - continuing | | 55,616,008 | 10,824,691 | 287,083,292 | (6,680,136) |
| - discontinuing | | 1,855,204 | 1,757,178 | - | - |
| - discontinued | | 228,549,087 | 10,837,133 | - | - |
| | | 286,020,299 | 23,419,002 | 287,083,292 | (6,680,136) |
| Non-controlling interests | | 2,278,994 | 3,092,898 | - | - |
| **Profit/(loss) for the financial year** | | **288,299,293** | **26,511,900** | **287,083,292** | **(6,680,136)** |

Earnings per share from continuing, discontinuing and discontinued operations attributable to the equity holders of the Company during the financial year (expressed in sen per share):

| | Note | Group 2012 RM | Group 2011 RM (Restated) |
|---|---|---|---|
| Basic earnings per share: | 17(a) | | |
| From continuing operations | | 9.12 | 1.78 |
| From discontinuing operation | | 0.30 | 0.29 |
| From discontinued operation | | 37.46 | 1.78 |
| **Profit for the financial year** | | **46.88** | **3.85** |
| Diluted earnings per share: | 17(b) | | |
| From continuing operations | | 9.12 | 1.78 |
| From discontinuing operation | | 0.30 | 0.29 |
| From discontinued operation | | 37.46 | 1.78 |
| **Profit for the financial year** | | **46.88** | **3.85** |

The accounting policies on pages 49 to 65 and the notes on pages 66 to 132 form an integral part of these financial statements.

| | Group 2012 RM | Group 2011 RM (Restated) | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|
| **Profit/(loss) for the financial year** | **288,299,293** | **26,511,900** | **287,083,292** | **(6,680,136)** |
| Other comprehensive income/(loss): | | | | |
| Available-for-sale financial assets | | | | |
| - net change in fair values | 5,499,081 | 2,456,994 | 5,501,630 | 2,419,905 |
| - transfer to profit or loss on disposal | (532,728) | - | (532,728) | - |
| Currency translation differences | 249,720 | 92,010 | - | - |
| **Other comprehensive income for the financial year, net of tax** | **5,216,073** | **2,549,004** | **4,968,902** | **2,419,905** |
| **Total comprehensive income/(loss) for the financial year** | **293,515,366** | **29,060,904** | **292,052,194** | **(4,260,231)** |
| Attributable to: | | | | |
| Owners of the parent | 291,342,201 | 25,954,689 | | |
| Non-controlling interest | 2,173,165 | 3,106,215 | | |
| **Total comprehensive income for the financial year** | **293,515,366** | **29,060,904** | | |
| Total comprehensive income attributable to equity holders: | | | | |
| - continuing operations | 61,732,698 | 12,799,559 | | |
| - discontinuing operation | 1,665,966 | 1,772,902 | | |
| - discontinued operation | 227,943,537 | 11,382,228 | | |
| | **291,342,201** | **25,954,689** | | |

The accounting policies on pages 49 to 65 and the notes on pages 66 to 132 form an integral part of these financial statements.

| | Note | Group 2012 RM | Group 2011 RM (Restated) | Group 2010 RM (Restated) | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **NON-CURRENT ASSETS** | | | | | | |
| Property, plant and equipment | 18 | 382,330,685 | 417,787,926 | 405,624,331 | 416,944 | 450,165 |
| Investment properties | 19 | - | 4,743,239 | 4,844,159 | - | - |
| Intangible assets | 20 | 346,254 | 3,142,056 | 9,199,333 | - | - |
| Subsidiaries: | 21 | | | | | |
| - Investment in subsidiaries | | - | - | - | 101,172,158 | 46,485,626 |
| - Advances to subsidiaries | | - | - | - | 60,255,448 | 96,450,726 |
| - Financial guarantee contract | | - | - | - | - | 86,031 |
| Associate | 22 | 1,009,894,727 | 957,418,992 | 909,975,430 | 616,189,484 | 614,993,546 |
| Available-for-sale financial assets | 23 | 241,000 | 1,245,501 | 1,306,991 | - | - |
| Concession receivables | 24 | 38,464,762 | 27,240,655 | 19,381,462 | - | - |
| Deferred tax assets | 25 | 1,954,283 | 1,232,304 | 3,641,296 | - | - |
| | | 1,433,231,711 | 1,412,810,673 | 1,353,973,002 | 778,034,034 | 758,466,094 |
| **CURRENT ASSETS** | | | | | | |
| Inventories | 27 | 4,632,760 | 18,604,160 | 13,296,736 | - | - |
| Available-for-sale financial assets | 23 | 14,518,798 | 10,634,812 | 1,529,731 | 14,044,813 | 10,158,278 |
| Financial assets at fair value through profit or loss | 28 | 11,528,214 | 3,029,145 | 3,051,659 | 11,528,214 | 3,029,145 |
| Derivative financial assets | 29 | 2,976,597 | - | - | 2,976,597 | - |
| Concession receivables | 24 | 9,157,200 | 6,683,586 | 7,185,767 | - | - |
| Amount owing from an associate | 30 | 129,743 | 61,798 | 48,737 | 90,245 | 61,798 |
| Trade and other receivables | 31 | 29,532,266 | 79,134,667 | 69,056,571 | 1,771,694 | 235,330 |
| Tax recoverable | | 2,655,828 | 2,478,250 | 2,120,638 | 1,764,683 | 1,600,973 |
| Deposits, cash and bank balances | 32 | 159,405,813 | 65,256,160 | 76,115,810 | 140,599,522 | 1,361,706 |
| | | 234,537,219 | 185,882,578 | 172,405,649 | 172,775,768 | 16,447,230 |
| Assets held-for-sale | 26(b) | 64,807,529 | - | - | 15,449,437 | - |
| | | 299,344,748 | 185,882,578 | 172,405,649 | 188,225,205 | 16,447,230 |
| **TOTAL ASSETS** | | **1,732,576,459** | **1,598,693,251** | **1,526,378,651** | **966,259,239** | **774,913,324** |

| | Note | Group 2012 RM | Group 2011 RM (Restated) | Group 2010 RM (Restated) | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | | |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | | | | | | |
| Share capital | 33 | 610,367,556 | 609,680,556 | 486,711,745 | 610,367,556 | 609,680,556 |
| Share premium | 34 | 103,141,177 | 102,796,096 | 224,398,187 | 103,141,177 | 102,796,096 |
| Exchange fluctuation reserve | | 1,432,448 | 1,076,899 | 998,206 | - | - |
| Share options reserve | | 30,157 | 117,264 | 291,814 | 30,157 | 117,264 |
| Available-for-sale reserve | 35 | 8,732,191 | 3,765,838 | 1,308,844 | 8,319,539 | 3,350,637 |
| Retained earnings | 36 | 645,939,365 | 386,829,378 | 363,410,376 | 243,699,133 | 32,140,279 |
| | | 1,369,642,894 | 1,104,266,031 | 1,077,119,172 | 965,557,562 | 748,084,832 |
| Non-controlling interests | | 27,205,660 | 88,628,864 | 88,317,733 | - | - |
| **TOTAL EQUITY** | | **1,396,848,554** | **1,192,894,895** | **1,165,436,905** | **965,557,562** | **748,084,832** |
| **LIABILITIES** | | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | | |
| Deferred tax liabilities | 25 | 5,871,978 | 144,037 | 68,391 | 93,462 | 85,108 |
| Hire-purchase and finance lease payables | 37 | 29,604 | 295,826 | 402,008 | - | - |
| Interest bearing bank borrowings | 38 | 92,033,077 | 97,730,438 | 9,846,854 | - | - |
| Deferred revenue | 39 | 9,562,937 | 9,351,920 | 11,721,490 | - | - |
| | | 107,497,596 | 107,522,221 | 22,038,743 | 93,462 | 85,108 |
| **CURRENT LIABILITIES** | | | | | | |
| Trade and other payables | 40 | 49,529,669 | 71,869,848 | 76,254,145 | 525,151 | 478,258 |
| Advances from subsidiaries | 41 | - | - | - | 25,710 | 10,029,095 |
| Financial guarantee contract | 42 | - | - | - | 57,354 | 86,031 |
| Deferred revenue | 39 | 2,416,035 | 2,753,824 | 1,371,677 | - | - |
| Current tax liabilities | | 332,752 | 2,083,860 | 121,148 | - | - |
| Hire-purchase and finance lease payables | 37 | 39,773 | 405,315 | 440,474 | - | - |
| Interest bearing bank borrowings | 38 | 129,646,619 | 221,163,288 | 260,715,559 | - | 16,150,000 |
| | | 181,964,848 | 298,276,135 | 338,903,003 | 608,215 | 26,743,384 |
| Liabilities directly associated with assets held-for-sale | 26(b) | 46,265,461 | - | - | - | - |
| | | 228,230,309 | 298,276,135 | 338,903,003 | 608,215 | 26,743,384 |
| **TOTAL LIABILITIES** | | **335,727,905** | **405,798,356** | **360,941,746** | **701,677** | **26,828,492** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,732,576,459** | **1,598,693,251** | **1,526,378,651** | **966,259,239** | **774,913,324** |

The accounting policies on pages 49 to 65 and the notes on pages 66 to 132 form an integral part of these financial statements.

# Statements Of Changes In Equity
For The Financial Year Ended 31 January 2012

| Group | Note | Attributable to owners of the parent | | | | | | | | Non-controlling interests RM | Total equity RM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital RM | Irredeemable Convertible Non-Cumulative Preference Shares ("ICPS") RM | Share premium RM | Exchange fluctuation reserve RM | Available-for-sale reserve RM | Share options reserve RM | Retained earnings RM | Total RM | | |
| **2012** | | | | | | | | | | | |
| **At 1 February 2011:** | | | | | | | | | | | |
| As previously reported | | 609,680,556 | 3,500,000 | 169,343,696 | 1,076,899 | 3,765,838 | 117,264 | 386,829,378 | 1,174,313,631 | 18,581,264 | 1,192,894,895 |
| Reclassification | 49 | - | (3,500,000) | (66,547,600) | - | - | - | - | (70,047,600) | 70,047,600 | - |
| As restated | | 609,680,556 | - | 102,796,096 | 1,076,899 | 3,765,838 | 117,264 | 386,829,378 | 1,104,266,031 | 88,628,864 | 1,192,894,895 |
| **Comprehensive income** | | | | | | | | | | | |
| Profit for the financial year | | - | - | - | - | - | - | 286,020,299 | 286,020,299 | 2,278,994 | 288,299,293 |
| **Other comprehensive income** | | | | | | | | | | | |
| Available-for-sale financial assets | | - | - | - | - | 4,966,353 | - | - | 4,966,353 | - | 4,966,353 |
| Currency translation differences | | - | - | - | 355,549 | - | - | - | 355,549 | (105,829) | 249,720 |
| Total other comprehensive income | | - | - | - | 355,549 | 4,966,353 | - | - | 5,321,902 | (105,829) | 5,216,073 |
| **Total comprehensive income for the financial year** | | **-** | **-** | **-** | **355,549** | **4,966,353** | **-** | **286,020,299** | **291,342,201** | **2,173,165** | **293,515,366** |

# Statements Of Changes In Equity
For The Financial Year Ended 31 January 2012 (cont'd)

| | | Attributable to owners of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Group | Note | Share capital RM | Irredeemable Convertible Non-Cumulative Preference Shares ("ICPS") RM | Share premium RM | Exchange fluctuation reserve RM | Available-for-sale reserve RM | Share options reserve RM | Retained earnings RM | Total RM | Non-controlling interests RM | Total equity RM |
| 2012 | | | | | | | | | | | |
| Transaction with owners | | | | | | | | | | | |
| Employees' share option scheme | | | | | | | | | | | |
| - value of employee services | | - | - | - | - | - | 133,949 | - | 133,949 | - | 133,949 |
| Issuance of shares | | | | | | | | | | | |
| - ESOS | 33 | 687,000 | - | 345,081 | - | - | (221,056) | - | 811,025 | - | 811,025 |
| Disposal of a subsidiary | 6 | - | - | - | - | - | - | - | - | (14,894,843) | (14,894,843) |
| Final dividends paid by subsidiary to non-controlling interests | | - | - | - | - | - | - | - | - | (87,400) | (87,400) |
| Dividends | 43 | - | - | - | - | - | - | (75,524,438) | (75,524,438) | - | (75,524,438) |
| **Transaction with owners** | | **687,000** | **-** | **345,081** | **-** | **-** | **(87,107)** | **(75,524,438)** | **(74,579,464)** | **(14,982,243)** | **(89,561,707)** |
| Deemed gain on dilution of interests in a subsidiary | | - | - | - | - | - | - | 48,614,126 | 48,614,126 | (48,614,126) | - |
| **Changes in ownership interests in a subsidiary that do not result in a loss of control** | | **-** | **-** | **-** | **-** | **-** | **-** | **48,614,126** | **48,614,126** | **(48,614,126)** | **-** |
| **Total transactions with owners** | | **687,000** | **-** | **345,081** | **-** | **-** | **(87,107)** | **(26,910,312)** | **(25,965,338)** | **(63,596,369)** | **(89,561,707)** |
| **At 31 January 2012** | | **610,367,556** | **-** | **103,141,177** | **1,432,448** | **8,732,191** | **30,157** | **645,939,365** | **1,369,642,894** | **27,205,660** | **1,396,848,554** |

| | | Attributable to owners of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Group | Note | Share capital RM | Irredeemable Convertible Non-Cumulative Preference Shares ("ICPS") RM | Share premium RM | Exchange fluctuation reserve RM | Available-for-sale reserve RM | Share options reserve RM | Retained earnings RM | Total RM | Non-controlling interests RM | Total equity RM |
| **2011** | | | | | | | | | | | |
| **At 1 February 2010:** | | | | | | | | | | | |
| As previously reported | | 486,711,745 | 3,500,000 | 290,945,787 | 998,206 | 1,308,844 | 291,814 | 363,410,376 | 1,147,166,772 | 18,270,133 | 1,165,436,905 |
| Reclassification | 49 | - | (3,500,000) | (66,547,600) | - | - | - | - | (70,047,600) | 70,047,600 | - |
| As restated | | 486,711,745 | - | 224,398,187 | 998,206 | 1,308,844 | 291,814 | 363,410,376 | 1,077,119,172 | 88,317,733 | 1,165,436,905 |
| **Comprehensive income** | | | | | | | | | | | |
| Profit for the financial year | | - | - | - | - | - | - | 23,419,002 | 23,419,002 | 3,092,898 | 26,511,900 |
| **Other comprehensive income** | | | | | | | | | | | |
| Available-for-sale financial assets | | - | - | - | - | 2,456,994 | - | - | 2,456,994 | - | 2,456,994 |
| Currency translation differences | | - | - | - | 78,693 | - | - | - | 78,693 | 13,317 | 92,010 |
| Total other comprehensive income | | - | - | - | 78,693 | 2,456,994 | - | - | 2,535,687 | 13,317 | 2,549,004 |
| **Total comprehensive income for the financial year** | | **-** | **-** | **-** | **78,693** | **2,456,994** | **-** | **23,419,002** | **25,954,689** | **3,106,215** | **29,060,904** |

## Statements Of Changes In Equity
For The Financial Year Ended 31 January 2012 (cont'd)

| Group | Note | Attributable to owners of the parent | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital RM | Irredeemable Convertible Non-Cumulative Preference Shares ("ICPS") RM | Share premium RM | Exchange fluctuation reserve RM | Available-for-sale reserve RM | Share options reserve RM | Retained earnings RM | Total RM | RM | RM |
| **2011** | | | | | | | | | | | |
| **Transaction with owners** | | | | | | | | | | | |
| Employees' share option scheme | | | | | | | | | | | |
| - value of employee services | | - | - | - | - | - | 136,480 | - | 136,480 | - | 136,480 |
| Issuance of shares | | | | | | | | | | | |
| - Bonus issue | 33 | 121,926,561 | - | (121,926,561) | - | - | - | - | - | - | - |
| - ESOS | 33 | 1,042,250 | - | 324,470 | - | - | (311,030) | - | 1,055,690 | - | 1,055,690 |
| Arising from acquisition of subsidiaries | | - | - | - | - | - | - | - | - | (2,707,684) | (2,707,684) |
| Final dividends paid by subsidiary to non-controlling interests | | - | - | - | - | - | - | - | - | (87,400) | (87,400) |
| **Transaction with owners** | | **122,968,811** | **-** | **(121,602,091)** | **-** | **-** | **(174,550)** | **-** | **1,192,170** | **(2,795,084)** | **(1,602,914)** |
| **At 31 January 2011** | | **609,680,556** | **-** | **102,796,096** | **1,076,899** | **3,765,838** | **117,264** | **386,829,378** | **1,104,266,031** | **88,628,864** | **1,192,894,895** |

# Statements Of Changes In Equity
For The Financial Year Ended 31 January 2012 (cont'd)

| Company | Note | Share capital RM | Non-distributable Share premium RM | Non-distributable Share options reserve RM | Non-distributable Available-for-sale reserve RM | Distributable Retained earnings RM | Total RM |
|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | |
| **At 1 February 2011** | | 609,680,556 | 102,796,096 | 117,264 | 3,350,637 | 32,140,279 | 748,084,832 |
| **Comprehensive income** | | | | | | | |
| Profit for the financial year | | - | - | - | - | 287,083,292 | 287,083,292 |
| **Other comprehensive income** | | | | | | | |
| Available-for-sale financial assets | | - | - | - | 4,968,902 | - | 4,968,902 |
| **Total comprehensive income for the financial year** | | **-** | **-** | **-** | **4,968,902** | **287,083,292** | **292,052,194** |
| **Transactions with owners** | | | | | | | |
| Employees' share option scheme | | | | | | | |
| - value of employee services | | - | - | 133,949 | - | - | 133,949 |
| Issuance of shares | | | | | | | |
| - ESOS | 33 | 687,000 | 345,081 | (221,056) | - | - | 811,025 |
| Dividends | 43 | - | - | - | - | (75,524,438) | (75,524,438) |
| **Total transactions with owners** | | **687,000** | **345,081** | **(87,107)** | **-** | **(75,524,438)** | **(74,579,464)** |
| **At 31 January 2012** | | **610,367,556** | **103,141,177** | **30,157** | **8,319,539** | **243,699,133** | **965,557,562** |

# Statements Of Changes In Equity
For The Financial Year Ended 31 January 2012 (cont'd)

| | | | Non-distributable | | | Distributable | |
|---|---|---|---|---|---|---|---|
| Company | Note | Share capital RM | Share premium RM | Share options reserve RM | Available-for-sale reserve RM | Retained earnings RM | Total RM |
| **2011** | | | | | | | |
| **At 1 February 2010** | | 486,711,745 | 224,398,187 | 291,814 | 930,732 | 38,820,415 | 751,152,893 |
| **Comprehensive loss** | | | | | | | |
| Loss for the financial year | | - | - | - | - | (6,680,136) | (6,680,136) |
| **Other comprehensive income** | | | | | | | |
| Available-for-sale financial assets | | - | - | - | 2,419,905 | - | 2,419,905 |
| **Total comprehensive income/(loss) for the financial year** | | **-** | **-** | **-** | **2,419,905** | **(6,680,136)** | **(4,260,231)** |
| **Transactions with owners** | | | | | | | |
| Employees' share option scheme | | | | | | | |
| - value of employee services | | - | - | 136,480 | - | - | 136,480 |
| Issuance of shares | | | | | | | |
| - Bonus issue | 33 | 121,926,561 | (121,926,561) | - | - | - | - |
| - ESOS | 33 | 1,042,250 | 324,470 | (311,030) | - | - | 1,055,690 |
| **Total transactions with owners** | | **122,968,811** | **(121,602,091)** | **(174,550)** | **-** | **-** | **1,192,170** |
| **At 31 January 2011** | | **609,680,556** | **102,796,096** | **117,264** | **3,350,637** | **32,140,279** | **748,084,832** |

The accounting policies on pages 49 to 65 and the notes on pages 66 to 132 form an integral part of these financial statements.

| | Note | Group 2012 RM | Group 2011 RM (Restated) | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | | |
| Cash receipts from customers | | 180,026,832 | 101,837,309 | - | - |
| Cash paid to suppliers and employees | | (153,661,364) | (123,681,479) | (5,820,891) | (13,893,454) |
| Cash generated from/(used in) operations | | 26,365,468 | (21,844,170) | (5,820,891) | (13,893,454) |
| Dividends received | | 30,329,275 | 10,038,937 | 29,464,174 | 10,045,773 |
| Interests received | | 4,322,013 | 381,124 | 2,503,322 | 260,949 |
| Interests paid | | (15,082,628) | (14,695,169) | (758,256) | (1,081,862) |
| Tax refund | | 170,000 | 807,065 | 170,000 | 144,243 |
| Taxation paid | | (7,368,948) | (2,630,102) | (7,325,254) | (2,530,058) |
| Net cash flow from/(used in) operating activities | | | | | |
| - continuing operations | | 38,735,180 | (27,942,315) | 18,233,095 | (7,054,409) |
| - discontinuing operation | 26 | 9,917,060 | 7,521,341 | - | - |
| - discontinued operation | 26 | 13,139,491 | 13,166,145 | - | - |
| | | 61,791,731 | (7,254,829) | 18,233,095 | (7,054,409) |
| **INVESTING ACTIVITIES** | | | | | |
| Subscription of shares in new subsidiaries | 5 | (2) | (30,382) | (2) | - |
| Additional investments in subsidiary | | - | - | (10,500,000) | - |
| Additional investment in associate | | (1,195,938) | - | (1,195,938) | - |
| Acquisition of shares from non-controlling interest in subsidiaries | 5 | - | (1,508,248) | - | - |
| Additional investments in quoted investments | | - | (6,648,087) | - | (6,648,087) |
| Proceeds from: | | | | | |
| - Disposal of subsidiaries | 6 | 244,085,705 | - | 275,316,835 | - |
| - Disposal of available-for-sale financial assets | | 2,090,757 | 20,880 | 1,728,433 | - |
| - Disposal of financial assets at fair value through profit or loss | | 4,564,227 | - | 4,564,227 | - |
| - Disposal of derivative financial assets | | 29,390,833 | - | 29,390,833 | - |
| Investment in financial assets at fair value through profit or loss | | (13,507,926) | - | (13,507,926) | - |
| Investment in derivative financial assets | | (31,430,736) | - | (31,430,736) | - |
| Property, plant and equipment: | | | | | |
| - Additions | | (29,930,669) | (44,065,172) | (66,689) | (302,440) |
| - Disposals | | 66,159 | 9,176 | - | - |
| Repayment of advances from subsidiaries | | - | - | 9,863,462 | 23,944,175 |
| Advances to subsidiaries | | - | - | (42,262,533) | (21,417,213) |
| Loan from a subsidiary | | - | - | - | 10,000,000 |

| | Note | Group 2012 RM | Group 2011 RM (Restated) | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|---|
| **INVESTING ACTIVITIES (cont'd)** | | | | | |
| Repayment of advances to subsidiaries | | - | - | (10,003,385) | - |
| Advances to an associate | | (49,357) | (42,595) | (49,357) | (42,595) |
| Repayment of advances from an associate | | 20,910 | 29,534 | 20,910 | 29,534 |
| Net cash flow from/(used in) investing activities | | | | | |
| - continuing operations | | 204,103,936 | (52,234,894) | 211,868,134 | 5,563,374 |
| - discontinuing operation | 26 | (409,739) | (1,349,402) | - | - |
| - discontinued operation | 26 | (2,377,755) | (2,204,777) | - | - |
| | | 201,316,469 | (55,789,073) | 211,868,134 | 5,563,374 |
| **FINANCING ACTIVITIES** | | | | | |
| Proceeds from issuance of shares arising from exercise of ESOS | | 811,025 | 1,055,690 | 811,025 | 1,055,690 |
| Proceeds from bank borrowings | | 104,700,000 | 220,578,150 | 104,700,000 | 122,600,000 |
| Repayment to bank borrowings | | (177,122,157) | (165,346,549) | (120,850,000) | (132,750,000) |
| Deposits pledged as securities for bank borrowings | | - | 2,912,090 | - | - |
| Payments of hire-purchase and finance lease liabilities | | (39,549) | (464,823) | - | - |
| Dividends paid | | (75,524,438) | - | (75,524,438) | - |
| Net cash flow (used in)/from financing activities | | | | | |
| - continuing operations | | (147,175,119) | 58,734,558 | (90,863,413) | (9,094,310) |
| - discontinuing operation | 26 | (479,233) | (140,012) | - | - |
| - discontinued operation | 26 | (2,302,088) | (2,605,069) | - | - |
| | | (149,956,440) | 55,989,477 | (90,863,413) | (9,094,310) |
| Net increase/(decrease) in cash and cash equivalents during the financial year | | 113,151,760 | (7,054,425) | 139,237,816 | (10,585,345) |
| Currency translation differences | | 271,414 | (844,950) | - | - |
| Reclassification to assets held for sale | 26 | (19,086,164) | - | - | - |
| Cash and cash equivalents at beginning of the financial year | | 63,778,803 | 71,678,178 | 1,061,706 | 11,647,051 |
| **Cash and cash equivalents at end of the financial year** | **32** | **158,115,813** | **63,778,803** | **140,299,522** | **1,061,706** |

The accounting policies on pages 49 to 65 and the notes on pages 66 to 132 form an integral part of these financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

## A BASIS OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with Financial Reporting Standards 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 Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

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

### (a) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and Company's financial year beginning on or after 1 February 2011 are as follows:

- Revised FRS 1 "First-time Adoption of Financial Reporting Standards"
- Revised FRS 3 "Business combinations"
- Revised FRS 127 "Consolidated and separate financial statements"
- Amendment to FRS 2 "'Share-based payment - Group cash-settled share-based payment transactions"
- Amendment to FRS 7 "Financial instruments: Disclosures - improving disclosures about financial instruments"
- Amendments to FRS 1 "First-time adoption of financial reporting standards"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- Amendment to FRS 132 "Financial instruments: Presentation – Classification of rights issues"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 12 "Service concession arrangements"
- IC Interpretation 16 "Hedges of a net investment in a foreign operation"
- IC Interpretation 17 "Distribution of non-cash assets to owners"
- IC Interpretation 18 "Transfers of assets from customers"
- Improvements to FRSs (2010)

A summary of the impact of the new accounting standards, amendments and improvements to published standards and interpretations on the financial statements of the Group and Company is set out in Note 49.

### (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

The MASB issued a new accounting framework, the Malaysian Financial Reporting Framework on 19 November 2011. This IFRS-compliant framework is applicable for all non-private entities for annual periods beginning on or after 1 January 2012 other than Transitioning Entities, which may defer adoption by one year in view of potential changes on the horizon that may change current accounting treatment. The Group qualifies to be a transition entity and will continue to apply the Financial Reporting Standards framework in the next financial year. The Group will apply the following new standards, amendments to standards and interpretations that are applicable to the Group:

**A BASIS OF PREPARATION (cont'd)**

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

**(i) Financial year beginning on/after 1 February 2012**

- Amendment to FRS 112 "Income taxes" (effective from 1 January 2012) introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. FRS 112 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in FRS 140 "Investment property". As a result of the amendments, IC Interpretation 121 "Income taxes - recovery of revalued non-depreciable assets" will no longer apply to investment properties carried at fair value. The amendments also incorporate into FRS 112 the remaining guidance previously contained in IC Interpretation 121 which is withdrawn.

- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments" (effective from 1 July 2011) provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit or loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.

- Amendment to FRS 1 "First-time adoption of financial reporting standards - severe hyperinflation and removal of fixed dates for first-time adopters" (effective from 1 January 2012) includes two changes to FRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to FRSs', thus eliminating the need for entities adopting FRSs for the first time to restate de-recognition transactions that occurred before the date of transition to FRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with FRSs after a period when the entity was unable to comply with FRSs because its functional currency was subject to severe hyperinflation.

- Amendment to FRS 7 "Financial instruments: Disclosures on transfers of financial assets" (effective from 1 January 2012) promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

**(ii) Financial year beginning on/after 1 February 2013**

In the financial year beginning 1 February 2013, the Group will be adopting the new IFRS-compliant framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

The Group will apply the following new standards, amendments to standards and interpretations:

- MFRS 141 "Agriculture" (effective from 1 January 2012) requires biological assets and agricultural produce at the point of harvest to be measured at fair value less costs to sell. The change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) 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 MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

## A BASIS OF PREPARATION (cont'd)

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

#### (ii) Financial year beginning on/after 1 February 2013 (cont'd)

- MFRS 11 "Joint arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 "Investments in associates and joint ventures" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangement irrespective of whether they are offset.

## A BASIS OF PREPARATION (cont'd)

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

#### (iii) Financial year beginning on/after 1 February 2015

- MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 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 de-recognising financial instruments has been relocated from MFRS 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.

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

  MFRS 7 requires disclosures on transactions from MFRS 139 to MFRS 9.

The above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Group and Company in the year of initial adoption.

## B ECONOMIC ENTITIES IN THE GROUP

### (a) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. In assessing whether potential voting rights contribute to control, the Group examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential voting rights.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

## B ECONOMIC ENTITIES IN THE GROUP (cont'd)

### (a) Subsidiaries (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the gain is recognised in profit or loss. Refer to accounting policy D(a) on goodwill.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

All inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the income statement.

**Change in accounting policy**

The Group has changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 "Business combinations" and FRS 127 "Consolidated and separate financial statements".

Previously, contingent consideration in a business combination was recognised when it is probable that payment will be made. Acquisition-related costs were included as part of the cost of business combination. Any non-controlling interest in the acquiree was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

The Group has applied the new policies prospectively to transactions occurring on or after 1 January 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Previously, the Group had stopped attributing losses to the non-controlling interest because the losses exceeded the carrying amount of the non-controlling interest. The Group has applied this policy prospectively. On the date of adoption of the new policy, the non-controlling interest reflects its previous carrying amount (that is, zero).

The changes in the revised FRS 127 will be applied prospectively and only affect future acquisitions or loss of control of subsidiaries and transaction with non-controlling interest.

### (b) Transactions with non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

**B ECONOMIC ENTITIES IN THE GROUP (cont'd)**

**(b) Transactions with non-controlling interest (cont'd)**

**Change in accounting policy**

Previously, the Group applied a policy of treating transactions with non-controlling interest as transactions with parties external to the Group. Accordingly, disposals resulted in gains or losses and purchases resulted in the recognition of goodwill, being the difference between consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired. The Group has applied this policy prospectively to transactions occurring on or after 1 February 2011.

**(c) Associates**

Associates are those corporation, partnership or other entity in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investment in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (see accounting policy D(a) on goodwill).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associate to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in associates are recognised in the income statement.

Cost of acquiring the additional stake is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured.

**C PROPERTY, PLANT AND EQUIPMENT**

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land and capital work-in-progress which are not depreciated. Freehold land is not depreciated as it has an infinite life. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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.

## C PROPERTY, PLANT AND EQUIPMENT (cont'd)

Depreciation on assets under construction commences where the assets are ready for their intended use. Leasehold land classified as finance lease (see accounting policy Note P(a) on finance leases) is amortised in equal instalments over the period of the respective leases that range from 35 to 97 years. Other property, plant and equipment are depreciated on a straight-line basis to write-off the cost of the assets to their residual values over their estimated useful lives, as summarised below:

| | |
|---|---|
| Buildings | 20 to 50 years |
| Plant and machinery | 8 to 10 years |
| Furniture, fixtures, fittings and equipment | 3 to 12.5 years |
| Motor vehicles | 5 years |
| Gymnasium and electrical equipment | 5 years |
| Renovation | 5 to 10 years |
| Hatchery | 8 years |

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

At each reporting date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount (see accounting policy G on impairment of non-financial assets).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statement.

## D INTANGIBLE ASSETS

### (a) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisition of subsidiaries is included in the statement of financial position as intangible assets. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment. See accounting policy G on impairment of non-financial assets.

Goodwill on acquisition of associates is included in investments in associates. Such goodwill is tested for impairment as part of the overall balance.

### (b) Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

(ii) It can be demonstrated that the intangible asset will generate probable future economic benefits;

(iii) Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(iv) The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding 5 years.

**D INTANGIBLE ASSETS (cont'd)**

**(b) Research and development (cont'd)**

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 value may not be recoverable. See accounting policy G on impairment of non-financial assets.

**(c) Licenses, rights and technological know-how**

Acquired licenses, rights and technological know-how are shown at cost. Licenses, rights and technological know-how have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the acquired licenses, rights and technological know-how over their estimated useful lives, as summarised below:

| | |
|---|---|
| Licenses and technological know-how | 10 to 50 years |
| Rights to operate as a mobile gateway provider | 10 years |

**(d) Software**

Acquired software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. This cost is amortised over the estimated useful life of 3 years. Costs associated with developing and maintaining software programmes are recognised as an expense when incurred.

**E INVESTMENTS**

Investments in subsidiaries and associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy G on impairment of non-financial assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying value is charged or credited to the income statement.

**F INVESTMENT PROPERTIES**

Investment properties, comprising office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives of 50 years.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the year of the retirement or disposal.

**G IMPAIRMENT OF 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 value 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 level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement and any subsequent increase in recoverable amount is recognised in the income statement.

## H FINANCIAL ASSETS

### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'amount owing from an associate', 'concession receivables' and 'deposits, cash and bank balances' in the statement of financial position (Notes 24, 30, 31 and 32).

**Concession receivables**

Upon adoption of IC Interpretation 12 "Service Concession Arrangements", the Group recognises a financial asset arising from a service concession arrangement when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services. Such financial assets are recognised in the statement of financial position, for the amount of the fair value of the infrastructure at initial recognition and subsequently at amortised cost.

The operator has such an unconditional right if the grantor contractually guarantees the payment of amounts specified or determined in the contract or the shortfall, if any, between amounts received and amounts specified or determined in the contract even if payment is contingent on the operator ensuring that the infrastructure meets specified quality or efficiency requirements.

An impairment loss is recognised if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate.

The portion falling due within one year is included in current assets, while the portion falling due more than one year after the end of the reporting period is presented in the non-current assets.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

### (b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

## H FINANCIAL ASSETS (cont'd)

### (c) Subsequent measurement – gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note H(d)) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

### (d) Subsequent measurement - Impairment of financial assets

**Assets carried at amortised cost**

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

## H FINANCIAL ASSETS (cont'd)

### (d) Subsequent measurement - Impairment of financial assets (cont'd)

**Assets carried at amortised cost (cont'd)**

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

**Assets classified as available-for-sale**

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

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

### (e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

## I SERVICE CONCESSION ARRANGEMENTS

A portion of the Group's assets are within the framework of concession contracts granted by the government ("the grantor"). In order to fall within the scope of concession contract, a contract must satisfy the following two criteria:

- The grantor controls or regulates what services the operator must provide with the infrastructure assets, to whom it must provide them, and at what price; and

- The grantor controls the significant residual interest in the infrastructure assets at the end of the term of the arrangement.

Such infrastructure assets are not recognised by the Group as property, plant and equipment but as financial assets as described in Note H(a).

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction and operating services. Financial assets are accounted for in accordance with the accounting policy set out in Note H(a).

The Group recognises revenue from construction and operation of infrastructure assets in accordance with its revenue recognition policy set out in Note U.

The Group has entered into service concession arrangements with the government of the People's Republic of China ("PRC") to construct and operate waste water treatment plants for a period ranging from 23 to 25 years. The terms of arrangement allows the Group to maintain and manage these treatment plants and received consideration based on the water usage and rates as determined by the grantor for entire duration of the concession.

## I SERVICE CONCESSION ARRANGEMENTS (cont'd)

**Change in accounting policy**

Previously, the Group accounted for infrastructure assets under the concession contracts as property, plant and equipment. Based on the contractual terms, the Group has accounted for its waste water treatment concession arrangements in China as concession receivables (financial assets) as it has unconditional contractual right to receive cash. The Group has applied this policy retrospectively and the impact of the change is described in Note 49.

## J FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

## K NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as assets held for sale and are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use and the sale is considered highly probable.

## L OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## M INVENTORIES

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

Cost is determined using the first-in-first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and applicable variable selling expenses.

## N CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

## O BORROWINGS

### (a) Classification

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying assets.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

### (b) Capitalisation of borrowing cost

Interest cost on borrowings to finance the construction of property, plant and equipment during the period that is required to complete and prepare the asset for its intended use are capitalised as part of the cost of the asset.

All other borrowing costs are charged to the income statement.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawndown. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawndown, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## P LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

### (a) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the lease principal outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the lease term and its useful life.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

### (b) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

## Q INCOME TAXES

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary or associate on distributions of retained earnings to companies in the Group.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates (or tax laws) that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case, the deferred tax is included in the resulting goodwill.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

## R EMPLOYEE BENEFITS

### (a) Short term employee benefits

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the equity holders of the Company. The Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Wages, salaries, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

### (b) Post-employment benefits - Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

The Group's contribution to defined contribution plans, including the national defined contribution plan, the Employees' Provident Fund ("EPF") are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## R EMPLOYEE BENEFITS (cont'd)

### (c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees (including Directors) as consideration for equity instrument (options) of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statement over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

The Group has taken advantage of the transitional provision of FRS 2 in respect of equity instruments granted after 31 December 2004 and not vested as at 1 February 2006.

### (d) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

## S SHARE CAPITAL

### (a) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

### (b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (c) Dividends

Dividends on ordinary shares are recognised as liabilities when declared before the reporting date. A dividend declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

## T CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

## U REVENUE RECOGNITION

### (a) Investment income

Dividend income is recognised when the Group's right to receive payment is established. Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Income arising from the disposal of investments is taken to the income statement upon disposal of investment.

### (b) Income from sale of goods and services rendered

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue from sales of goods and services are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes, returns and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met.

### (c) Hotel revenue

Hotel revenue represents income derived from room rental and sale of food and beverages. Room rental income is accrued on a daily basis on customer-occupied room. Sale of food and beverages are recognised upon delivery to customers. Hotel revenue is recognised net of sales tax and discounts.

### (d) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements unless collectability is in doubt, in which case the recognition of such income is suspended. Other rent related and car park income is recognised upon services being rendered.

### (e) Contracts

Revenue from waste water treatment plant and equipment design, planning, installation and commissioning contracts is recognised based on the percentage of completion method; the stage of completion is measured on the proportion of contract costs incurred for work performed to date over the estimated total contract costs.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable of recovery. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Where costs incurred in such contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amounts due from customers on contract. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts.

## V FOREIGN CURRENCIES

### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates. Foreign exchange 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.

## V FOREIGN CURRENCIES (cont'd)

### (c) Group companies

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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each statement of comprehensive income or income statement are translated at the average exchange rates (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 at the rate on the dates of the transactions); and

(iii) All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

## W DEFERRED REVENUE

### (a) Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the acquisition of assets are included in non-current liabilities as deferred revenue and are credited to the income statement over the expected lives of the related assets, on basis consistent with the depreciation of the related assets.

Government grants relating to income are deferred and are recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

### (b) Others

Deferred revenue represents unutilised balance of short messaging services ("SMS") in respect of prepaid SMS sold to customers and unearned revenue from web-site maintenance contracts, which will be recognised in the income statement upon expiry, utilisation or performance of services.

## X SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-marker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

## 1 GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of management services.

The principal activities of the Group's subsidiaries are investment holding, property investment holding, information and communication technology services, paper manufacturing, provision of engineering services for water treatment plants and related services and aquaculture.

The Group's associate is principally involved in property development, property investment and management, owner and operator of malls, hotel operations, construction and investment holdings.

There have been no significant changes in the nature of these activities during the financial year other than the disposal of pharmaceutical operations during the financial year.

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

The address of the registered office and the principal place of business of the Company is as follows:

Suite 28-03, Level 28, GTower
199 Jalan Tun Razak
50400 Kuala Lumpur

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 9 May 2012.



## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including:

- foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates
- interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates
- credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss
- price risk - risk that the value of a financial instrument will fluctuate due to changes in equity prices
- cash flow risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value
- liquidity risk (funding risk) – risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

### (i) Financial Risk Factors

#### (a) Foreign currency exchange risk

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into with companies in currencies other than their functional currency; primarily with respect to Chinese Renminbi recognised assets and liabilities. The Group mitigates its currency risk exposure by maintaining foreign currency bank accounts for the underlying foreign currency transactions, where possible. The exposure of the Group to currency fluctuations are kept at an acceptable level.

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (i) Financial Risk Factors (cont'd)

#### (a) Foreign currency exchange risk (cont'd)

Currency exposure arising from the net assets of the Groups' foreign operations is managed through borrowings denominated in the relevant foreign currencies.

#### (b) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates exposes the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group currently maintain approximately 81% of its borrowings in fixed rate instruments. The Group is not exposed to fair value interest rate risk as its borrowings are carried at amortised cost rather than fair value.

#### (c) Credit risk

Exposure to credit risk arises mainly from sales made on deferred credit terms. Risks arising are minimised through effective monitoring of receivables and suspension of sales to customers which accounts exceed the stipulated credit terms. The Group also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

The Group trades with a large number of customers who are internationally dispersed, with a variety of end markets.

The Group also seeks to invest cash assets safely and profitably. In this regard, counterparties are assessed for credit risk and limits are set to minimise any potential loss. The Group's cash and cash equivalents and short term deposits are placed with creditworthy financial institutions and the risks arising there from are minimised in view of financial strength of these financial institutions.

The Group has no significant concentrations of credit risk except that the majority of its deposits are placed with major financial institutions in countries in which the Group operates such as Malaysia and The People's Republic of China.

At the Company level, credit risk arises from advances to subsidiaries. The Company's exposure to bad debts is not significant since the subsidiaries did not have historical default risk. The Company also manages its credit risks by performing regular reviews of the ageing profile of advances to subsidiaries.

**Credit quality of financial assets**

Information regarding credit quality of trade and other receivables is disclosed in Note 31. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Trade and other receivables that are neither past due nor impaired are substantially companies with no history of default with the Group.

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (i) Financial Risk Factors (cont'd)

#### (d) Price risk

The Group is exposed to debt and equity securities price risk because of investments held by the Group and classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investment in debt and equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If the prices for debt and equity securities listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), New York Stock Exchange, Hong Kong Stock Exchange, Singapore Stock Exchange, BME Spanish Exchange and London Stock Exchange change by 15% with all other variables including tax rates held constant, the effects on profit after taxation and other components of equity would have been as follows:

| | Increase/(decrease) Profit for the financial year RM | Equity RM |
|---|---|---|
| **At 31 January 2012** | | |
| **Group** | | |
| Listed in: | | |
| Bursa Malaysia | - | 71,098 |
| New York Stock Exchange | 900,823 | - |
| Hong Kong Stock Exchange | 318,980 | - |
| Singapore Stock Exchange | 270,751 | - |
| BME Spanish Exchange | 224,896 | - |
| London Stock Exchange | 460,272 | - |
| **Company** | | |
| Listed in: | | |
| New York Stock Exchange | 900,823 | - |
| Hong Kong Stock Exchange | 318,980 | - |
| Singapore Stock Exchange | 270,751 | - |
| BME Spanish Exchange | 224,896 | - |
| London Stock Exchange | 460,272 | - |
| **At 31 January 2011** | | |
| **Group** | | |
| Listed in: | | |
| Bursa Malaysia | - | 71,480 |
| New York Stock Exchange | 454,372 | - |
| **Company** | | |
| Listed in: | | |
| New York Stock Exchange | 454,372 | - |

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (i) Financial Risk Factors (cont'd)

#### (e) Liquidity and cash flow risks

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group's cash flow is reviewed regularly to ensure that the Group is able to scale its commitments when they fall due.

Cash flows forecasting is performed in the operating entities of the Group and aggregated for Group purposes. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 38) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal ratio targets.

Generally, surplus cash held by the operating entities over the above balance required for working capital management are invested in interest bearing accounts, money market deposits and marketable securities, choosing instruments with appropriate maturities sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

| | Less than 1 year RM | Between 1 and 2 years RM | Between 2 and 5 years RM | Over 5 years RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| At 31 January 2012 | | | | | |
| Trade and other payables | 36,354,072 | - | - | - | 36,354,072 |
| Interest bearing bank borrowings | 141,637,239 | 6,033,581 | 95,678,104 | - | 243,348,924 |
| Hire-purchase and finance lease payables | 43,047 | 22,154 | 8,865 | - | 74,066 |
| | **178,034,358** | **6,055,735** | **95,686,969** | **-** | **279,777,062** |
| At 31 January 2011 | | | | | |
| Trade and other payables | 64,318,140 | - | - | - | 64,318,140 |
| Interest bearing bank borrowings | 236,825,994 | 7,199,615 | 98,711,128 | 1,971,671 | 344,708,408 |
| Hire-purchase and finance lease payables | 421,579 | 195,948 | 125,845 | - | 743,372 |
| | **301,565,713** | **7,395,563** | **98,836,973** | **1,971,671** | **409,769,920** |

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (i) Financial Risk Factors (cont'd)

#### (e) Liquidity and cash flow risks (cont'd)

| | Less than 1 year RM | Between 1 and 2 years RM | Between 2 and 5 years RM | Over 5 years RM | Total RM |
|---|---|---|---|---|---|
| **Company** | | | | | |
| At 31 January 2012 | | | | | |
| Trade and other payables | 525,151 | - | - | - | 525,151 |
| Advances from subsidiaries | 25,710 | - | - | - | 25,710 |
| | **550,861** | **-** | **-** | **-** | **550,861** |
| At 31 January 2011 | | | | | |
| Trade and other payables | 478,258 | - | - | - | 478,258 |
| Advances from subsidiaries | 10,029,095 | - | - | - | 10,029,095 |
| Interest bearing bank borrowings | 16,868,675 | - | - | - | 16,868,675 |
| | **27,376,028** | **-** | **-** | **-** | **27,376,028** |

### (ii) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total interest bearing bank borrowings divided by total equity. Total debt is calculated as total interest bearing bank borrowings and hire-purchase and finance lease payables (including short term and long term borrowings) as shown in the statement of financial position. The Group's strategy in 2012, which was unchanged from 2011, was to maintain gearing ratio below 30%. The gearing ratio as at 31 January 2012 were as follows:

| | 2012 RM | 2011 RM |
|---|---|---|
| **Group** | | |
| Total debt | 221,749,073 | 319,594,867 |
| Total equity attributable to owners of the parent | 1,369,642,894 | 1,104,266,031 |
| Gearing ratio | 16% | 29% |
| **Company** | | |
| Total debt | - | 16,150,000 |
| Total equity | 965,557,562 | 748,084,832 |
| Gearing ratio | 0% | 2% |

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (iii) Fair Values

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables.

**Fair value estimation**

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Valuation inputs (other than level 1 input) that are observable for the asset or liability, either directly or indirectly
- Level 3 – Valuation inputs that are not based on observable market data

The following table presents the Group's and Company's financial assets and liabilities that are measured at fair value:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| **Level 1** | | | | |
| Financial assets at fair value through profit or loss | 11,528,214 | 3,029,145 | 11,528,214 | 3,029,145 |
| Available-for-sale financial assets | 14,759,798 | 10,869,132 | 14,044,813 | 10,158,278 |
| | 26,288,012 | 13,898,277 | 25,573,027 | 13,187,423 |
| **Level 2** | | | | |
| Derivative financial assets | 2,976,597 | - | 2,976,597 | - |
| **Level 3** | | | | |
| Available-for-sale financial assets | - | 1,011,181 | - | - |
| | **29,264,609** | **14,909,458** | **28,549,624** | **13,187,423** |

**Financial assets at fair value through profit or loss and available-for-sale financial assets**

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the level 2 category. It is classified into the level 3 category if insignificant unobservable inputs are used.

**Derivative financial assets**

The fair values of derivatives are determined using quoted price of identical instruments from an active market, if available (level 1). If quoted prices are not available, price quoted for similar instruments, appropriately adjusted or present value techniques, based on available market data, or option pricing models are used. The fair values obtained using price quotes for similar instruments or valuation techniques represent a level 2 input unless significant unobservable inputs are used.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's result and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are outlined below:

### (a) Impairment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy D(a), and whenever events or changes in circumstances indicate that the goodwill may be impaired.

For the purposes of assessing impairment, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units or groups of cash-generating units, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

### (b) Impairment of investments

Investment in subsidiaries and associates are reviewed for impairment annually in accordance with its accounting policy G or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries and associates, which involves uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's test for impairment of investments.

## 4 SEGMENT REPORTING

The Group is organised into seven main business segments:

(a) Pharmaceutical
(b) Property investment and development
(c) Information and communication technology
(d) Paper manufacturing
(e) Waste water treatment services
(f) Aquaculture
(g) Hotel
(h) Others *

* *Others comprise primarily the other operations of the Group, which are not of a sufficient size to be reported separately.*

During the financial year, the Group has disposed of the pharmaceutical operation. Accordingly, profits generated from the pharmaceutical segment up to the date of disposal is shown as profit after taxation from discontinued operation.

The results of Macro Kiosk Berhad and its subsidiaries are presented as profit after taxation from discontinuing operation in view of the proposed disposal by the Group. Macro Kiosk Berhad and its subsidiaries are part of the information and communication technology segment.

## 4 SEGMENT REPORTING (cont'd)

### (a) Analysis by business segment

| | Property investment and development RM | Investment holdings RM | Information and communication technology RM | Paper manufacturing RM | Waste water treatment services RM | Aquaculture RM | Hotel RM | Others RM | Group RM |
|---|---|---|---|---|---|---|---|---|---|
| 2012 | | | | | | | | | |
| Total segment revenue | 45,483,329 | 31,347,053 | 17,759,635 | 76,010,429 | 45,720,726 | 1,059,844 | 24,148,045 | 3,123,118 | 244,652,179 |
| Inter-segment revenue | (13,345,604) | (30,997,346) | (1,918,473) | - | (1,776,625) | (232,781) | (107,100) | (1,583,411) | (49,961,340) |
| **Revenue from external customers** | **32,137,725** | **349,707** | **15,841,162** | **76,010,429** | **43,944,101** | **827,063** | **24,040,945** | **1,539,707** | **194,690,839** |
| Adjusted earnings before interest, taxation, depreciation and amortisation | 27,536,705 | 2,582,106 | 4,692,462 | (393,474) | 10,869,467 | (4,313,753) | (964,211) | (630,222) | 39,379,080 |
| Depreciation and amortisation | (14,106,749) | (97,506) | (1,397,014) | (3,515,765) | (52,966) | (308,011) | (1,418,840) | (303,400) | (21,200,251) |
| Impairment of intangible assets | - | (492,909) | - | - | - | - | - | - | (492,909) |
| Impairment of property, plant and equipment | - | - | (320,000) | (16,800,000) | - | - | - | - | (17,120,000) |
| Impairment of available-for-sale financial assets | - | (677,600) | - | - | - | - | - | - | (677,600) |
| Finance costs | (11,034,188) | (531,925) | (2,334) | (2,841,532) | (440,456) | (232,193) | - | - | (15,082,628) |
| Share of results of an associate | 81,609,072 | - | - | - | - | - | - | - | 81,609,072 |
| **Profit/(loss) before taxation** | **84,004,840** | **782,166** | **2,973,114** | **(23,550,771)** | **10,376,045** | **(4,853,957)** | **(2,383,051)** | **(933,622)** | **66,414,764** |
| Taxation | | | | | | | | | (11,080,512) |
| Profit after taxation | | | | | | | | | |
| - from continuing operations | | | | | | | | | 55,334,252 |
| - from discontinuing operation | | | | | | | | | 2,368,904 |
| - from discontinued operation | | | | | | | | | 230,596,137 |
| | | | | | | | | | **288,299,293** |

# Notes To The Financial Statements
For The Financial Year Ended 31 January 2012 (cont'd)

## 4 SEGMENT REPORTING (cont'd)

### (a) Analysis by business segment (cont'd)

| | Property investment and development RM | Investment holdings RM | Information and communication technology RM | Paper manufacturing RM | Waste water treatment services RM | Aquaculture RM | Hotel RM | Others RM | Group RM |
|---|---|---|---|---|---|---|---|---|---|
| 2012 | | | | | | | | | |
| Other information: | | | | | | | | | |
| Assets | | | | | | | | | |
| Segment assets | 340,146,290 | 177,136,409 | 23,553,575 | 50,745,913 | 46,473,766 | 3,337,742 | 10,026,279 | 1,844,118 | 653,264,092 |
| Assets held-for-sale | - | - | 64,807,529 | - | - | - | - | - | 64,807,529 |
| Associate | 1,009,894,727 | - | - | - | - | - | - | - | 1,009,894,727 |
| Deferred tax assets | 1,954,283 | - | - | - | - | - | - | - | 1,954,283 |
| Tax recoverable | - | 1,764,683 | 99,405 | - | 14,273 | - | - | 777,467 | 2,655,828 |
| **Total assets** | **1,351,995,300** | **178,901,092** | **88,460,509** | **50,745,913** | **46,488,039** | **3,337,742** | **10,026,279** | **2,621,585** | **1,732,576,459** |
| Liabilities | | | | | | | | | |
| Segment liabilities | 205,960,218 | 529,524 | 5,451,885 | 52,295,299 | 9,963,520 | 6,739,193 | 1,961,298 | 356,777 | 283,257,714 |
| Liabilities directly associated with assets held-for-sale | - | - | 46,265,461 | - | - | - | - | - | 46,265,461 |
| Deferred tax liabilities | 2,849,421 | 93,462 | 313,529 | - | 2,615,566 | - | - | - | 5,871,978 |
| Current tax liabilities | - | - | 429 | - | 332,323 | - | - | - | 332,752 |
| **Total liabilities** | **208,809,639** | **622,986** | **52,031,304** | **52,295,299** | **12,911,409** | **6,739,193** | **1,961,298** | **356,777** | **335,727,905** |

## 4 SEGMENT REPORTING (cont'd)

### (a) Analysis by business segment (cont'd)

| | Note | Property investment and development RM | Investment holdings RM | Information and communication technology RM | Paper manufacturing RM | Waste water treatment services RM | Aquaculture RM | Hotel RM | Others RM | Group RM |
|---|---|---|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | | | | |
| Incurred for the financial year: | | | | | | | | | | |
| Capital expenditure: | | | | | | | | | | |
| - Property, plant and equipment | 18 | 24,747,969 | 62,272 | 1,331,469 | 1,782,570 | 104,922 | 377,075 | 1,219,502 | 304,890 | 29,930,669 |

| | RM |
|---|---|
| Capital expenditure of property, plant and equipment incurred for the financial year: | |
| - continuing operations | 29,930,669 |
| - discontinuing operation | 1,107,432 |
| - discontinued operation | 2,377,755 |
| | **33,415,856** |

# Notes To The Financial Statements
For The Financial Year Ended 31 January 2012 (cont'd)

## 4 SEGMENT REPORTING (cont'd)

### (a) Analysis by business segment (cont'd)

| | Property investment and development RM | Investment holdings RM | Information and communication technology RM | Paper manufacturing RM | Waste water treatment services RM | Aquaculture RM | Hotel RM | Others RM | Group RM |
|---|---|---|---|---|---|---|---|---|---|
| 2011 | | | | | | | | | |
| Total segment revenue | 25,434,285 | 12,474,871 | 14,513,221 | 60,935,616 | 11,303,572 | 1,132,361 | 5,588,132 | 1,060,503 | 132,442,561 |
| Inter-segment revenue | (10,924,205) | (12,274,871) | (1,927,218) | - | (4,520,208) | (392,970) | - | (505,764) | (30,545,236) |
| **Revenue from external customers** | **14,510,080** | **200,000** | **12,586,003** | **60,935,616** | **6,783,364** | **739,391** | **5,588,132** | **554,739** | **101,897,325** |
| Adjusted earnings before interest, taxation, depreciation and amortisation | 9,349,025 | (4,255,944) | 3,770,955 | 2,543,845 | 2,373,951 | (3,578,293) | (10,890,343) | (672,575) | (1,359,379) |
| Depreciation and amortisation | (12,617,074) | (97,121) | (1,585,375) | (3,887,433) | (57,811) | (477,496) | (941,275) | (121,256) | (19,784,841) |
| Impairment of intangible assets | - | - | - | - | - | (1,734,795) | - | - | (1,734,795) |
| Impairment of property, plant and equipment | - | - | - | - | - | (8,441,434) | - | - | (8,441,434) |
| Finance costs | (10,293,070) | (1,052,263) | (2,129) | (2,799,615) | (341,115) | (206,977) | - | - | (14,695,169) |
| Share of results of an associate | 57,642,053 | - | - | - | - | - | - | - | 57,642,053 |
| **Profit/(loss) before taxation** | **44,080,934** | **(5,405,328)** | **2,183,451** | **(4,143,203)** | **1,975,025** | **(14,438,995)** | **(11,831,618)** | **(793,831)** | **11,626,435** |
| **Taxation** | | | | | | | | | **(1,131,117)** |
| Profit after taxation | | | | | | | | | |
| - from continuing operations | | | | | | | | | 10,495,318 |
| - from discontinuing operation | | | | | | | | | 2,133,024 |
| - from discontinued operation | | | | | | | | | 13,883,558 |
| | | | | | | | | | **26,511,900** |

## 4 SEGMENT REPORTING (cont'd)

### (a) Analysis by business segment (cont'd)

| | Pharmaceutical RM | Property investment and development RM | Investment holdings RM | Information and communication technology RM | Paper manufacturing RM | Waste water treatment services RM | Aquaculture RM | Hotel RM | Others RM | Group RM |
|---|---|---|---|---|---|---|---|---|---|---|
| **2011** | | | | | | | | | | |
| **Other information:** | | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| Segment assets | 86,347,551 | 328,191,766 | 21,497,713 | 64,878,159 | 75,163,370 | 47,485,933 | 3,268,010 | 8,644,428 | 2,086,775 | 637,563,705 |
| Associate | - | 957,418,992 | - | - | - | - | - | - | - | 957,418,992 |
| Deferred tax assets | 577,519 | - | - | 654,785 | - | - | - | - | - | 1,232,304 |
| Tax recoverable | - | 9,987 | 1,600,973 | 38,205 | 174,807 | - | - | - | 654,278 | 2,478,250 |
| **Total assets** | **86,925,070** | **1,285,620,745** | **23,098,686** | **65,571,149** | **75,338,177** | **47,485,933** | **3,268,010** | **8,644,428** | **2,741,053** | **1,598,693,251** |
| **Liabilities** | | | | | | | | | | |
| Segment liabilities | 34,303,322 | 237,012,201 | 16,632,631 | 33,612,520 | 54,387,783 | 10,772,144 | 5,182,500 | 1,129,873 | 10,537,485 | 403,570,459 |
| Deferred tax liabilities | - | - | 85,108 | 58,929 | - | - | - | - | - | 144,037 |
| Current tax liabilities | 1,835,347 | - | - | 168,502 | - | 80,011 | - | - | - | 2,083,860 |
| **Total liabilities** | **36,138,669** | **237,012,201** | **16,717,739** | **33,839,951** | **54,387,783** | **10,852,155** | **5,182,500** | **1,129,873** | **10,537,485** | **405,798,356** |

# Notes To The Financial Statements
For The Financial Year Ended 31 January 2012 (cont'd)

## 4 SEGMENT REPORTING (cont'd)

### (a) Analysis by business segment (cont'd)

| | Note | Pharma-ceutical RM | Property investment and development RM | Investment holdings RM | Information and communication technology RM | Paper manufacturing RM | Waste water treatment services RM | Aquaculture RM | Hotel RM | Others RM | Group RM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2011** | | | | | | | | | | | |
| Incurred for the year: | | | | | | | | | | | |
| Capital expenditure: | | | | | | | | | | | |
| - Property, plant and equipment | 18 | 2,298,777 | 34,533,456 | 302,439 | 2,259,243 | 99,295 | 223 | 687,320 | 6,679,505 | 1,276,920 | 48,137,178 |

## 4 SEGMENT REPORTING (cont'd)

### (b) Analysis by geographical location

| | Continuing operations RM | Discontinuing operation RM | Discontinued operation RM |
|---|---|---|---|
| **2012** | | | |
| **Revenue** | | | |
| Malaysia | 74,736,309 | 66,166,353 | 28,299,654 |
| The People's Republic of China | 119,954,530 | 81,362 | 1,277,433 |
| Indonesia | - | 6,885,423 | 1,392,303 |
| Singapore | - | 5,559,109 | 2,927,399 |
| Hong Kong | - | 1,919,729 | 1,503,830 |
| Thailand | - | 21,634,190 | 943,954 |
| Vietnam | - | 2,780,586 | 1,625,481 |
| Taiwan | - | 12,060,197 | - |
| India | - | - | 1,484,350 |
| New Zealand | - | - | 1,710,182 |
| Others | - | 790,945 | 2,947,745 |
| | **194,690,839** | **117,877,894** | **44,112,331** |

| | Total segment assets RM | Capital expenditure RM |
|---|---|---|
| **2012** | | |
| Continuing operations: | | |
| Malaysia | 560,640,251 | 28,043,177 |
| The People's Republic of China | 97,233,952 | 1,887,492 |
| | **657,874,203** | **29,930,669** |
| Discontinuing operation: | | |
| Malaysia | 30,682,259 | 992,738 |
| Indonesia | 6,526,780 | 3,654 |
| Singapore | 2,938,504 | 32,166 |
| Hong Kong | 1,483,611 | 10,370 |
| Thailand | 9,166,553 | 13,328 |
| Vietnam | 2,616,998 | 37,117 |
| Taiwan | 11,127,017 | 3,775 |
| Others | 265,807 | 14,284 |
| | **64,807,529** | **1,107,432** |
| | **722,681,732** | |
| Associate | 1,009,894,727 | |
| **Total assets** | **1,732,576,459** | |
| Discontinued operation: | | |
| Malaysia | | 2,377,755 |

## 4 SEGMENT REPORTING (cont'd)

### (b) Analysis by geographical location (cont'd)

| | Continuing operations RM | Discontinuing operation RM | Discontinued operation RM |
|---|---|---|---|
| **2011** | | | |
| **Revenue** | | | |
| Malaysia | 34,178,345 | 57,432,564 | 47,935,719 |
| The People's Republic of China | 67,718,980 | 51,569 | 95,633 |
| Indonesia | - | 3,529,906 | 844,951 |
| Singapore | - | 3,387,344 | 6,354,340 |
| Hong Kong | - | 2,179,858 | 2,712,954 |
| Thailand | - | 14,733,907 | 2,295,775 |
| Vietnam | - | 1,139,472 | 3,736,737 |
| Taiwan | - | 3,383,572 | 1,149,063 |
| India | - | - | 2,835,366 |
| New Zealand | - | - | 2,646,250 |
| Others | - | - | 5,880,021 |
| | **101,897,325** | **85,838,192** | **76,486,809** |

| | Total segment assets RM | Capital expenditure RM |
|---|---|---|
| 2011 | | |
| Continuing operations: | | |
| Malaysia | 385,692,768 | 44,360,393 |
| The People's Republic of China | 122,824,110 | 99,518 |
| | **508,516,878** | **44,459,911** |
| Discontinuing operation: | | |
| Malaysia | 31,023,960 | 1,297,809 |
| Indonesia | 2,586,455 | 4,475 |
| Singapore | 1,205,275 | 19,453 |
| Hong Kong | 1,088,474 | 16,424 |
| Thailand | 6,274,620 | 6,732 |
| Vietnam | 1,890,276 | - |
| Taiwan | 1,704,591 | 11,860 |
| Others | 58,660 | 21,737 |
| | **45,832,311** | **1,378,490** |

**4 SEGMENT REPORTING (cont'd)**

**(b) Analysis by geographical location (cont'd)**

| | Total segment assets RM | Capital expenditure RM |
|---|---|---|
| 2011 | | |
| Discontinued operation: | | |
| Malaysia | 85,555,193 | 2,294,570 |
| Hong Kong | 1,369,877 | 4,207 |
| | **86,925,070** | **2,298,777** |
| | **641,274,259** | |
| Associate | 957,418,992 | |
| **Total** | **1,598,693,251** | **48,137,178** |

In determining the geographical segments of the Group, revenue is based on the country in which the customers are located. Total segment assets and capital expenditure incurred during the financial year are determined according to the country where the assets are located.

**5 ACQUISITION OF SUBSIDIARIES**

**A Acquisition/incorporation of subsidiaries during the financial year**

(a) On 7 February 2011, the Group had via its 70% owned subsidiary, Macro Kiosk Berhad and Macro Mobile Services Sdn Bhd, incorporated a new subsidiary, Macro Kiosk (India) Pvt. Ltd. in India ("MKI"), with a paid-up capital of INR100,000 (equivalent to RM6,740), comprising of 100,000 equity shares of INR1.00 (equivalent to RM0.0674) each.

(b) On 4 December 2011, the Group had via its 70% owned subsidiary, Macro Kiosk Berhad, incorporated a new subsidiary, Macro Kiosk FZ-LLC ("MK FZ-LLC") in Dubai, United Arab Emirates ("UAE") by the subscription of 50 shares of AED ("Arab Emirate Dirham") 1,000 each representing 100% equity interest in the capital of MK FZ-LLC for AED50,000 (equivalent to RM40,678) in cash.

(c) On 6 January 2012, the Company had acquired the entire issued and paid-up capital in Lautan Bumimas Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00 resulting in Lautan Bumimas Sdn Bhd becoming a wholly-owned subsidiary of the Company.

The acquisition/incorporation of subsidiaries in note (a) to (c) above, have no significant effect on the financial results of the Group in the current financial year and the financial position of the Group at the end of the current financial year.

## 5 ACQUISITION OF SUBSIDIARIES (cont'd)

### B Acquisition/incorporation of subsidiaries during the previous financial year

During the previous financial year, the Group acquired the following subsidiaries:

(a) On 23 August 2010, the Group had via its 90% owned subsidiary, Jiang Su Crest Spring Co. Ltd, acquired additional 2,250,000 ordinary shares of RMB1.00 each in Ganyu Xin Cheng Sewage Treatment Co. Ltd ("Ganyu"), representing additional 22.5% of its equity interest, for a total purchase consideration of RMB1,710,598 (equivalent to RM807,402).

On 31 August 2010, the Group had via its wholly-owned subsidiary, Crest Spring (Shanghai) Co. Ltd, acquired additional 1,900,000 ordinary shares of RMB1.00 each in Jiang Su Crest Spring Co. Ltd ("Jiang Su"), representing additional 9.5% of its equity interest, for a total purchase consideration of RMB1,484,843 (equivalent to RM700,846). This has effectively increased the Group's effective equity interest in Jiang Su from 90% to 99.5%, Ganyu from 69.75% to 99.61%, and Yantai Xin Cheng Wastewater Treatment Co. Ltd ("Yantai") from 92.5% to 99.89%.

The additional interests in the abovementioned entities have been accounted for as transactions with non-controlling interest. A total negative goodwill of RM1,206,346 has been recognised in the previous financial year arising from these transactions.

(b) On 9 November 2010, the Group had via its 70% owned subsidiary, Macro Kiosk Berhad, incorporated a new subsidiary, Macro Kiosk (Australia) Pty Ltd, with an issued and paid-up share capital of AUD10,000 (equivalent of RM30,380) comprising 10,000 ordinary shares of AUD1.00 each.

(c) On 2 December 2010, the Group had via its 70% owned subsidiary, Macro Kiosk Berhad, acquired the entire issued and paid-up share capital in Trillion Summit Sdn Bhd, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. On 13 December 2010, Trillion Summit Sdn Bhd changed its name to Macro Simnergy Sdn Bhd.

The acquisition/incorporation of subsidiaries in note (a) to (c) above had no significant effect on the financial results of the Group in the previous financial year and the financial position of the Group at the end of the previous financial year.

## 6 DISPOSAL OF SUBSIDIARY

On 1 August 2011, the Company has completed the disposal of its entire equity interest in HOEPharma Holdings Sdn Bhd ("HPH"), comprising 6,252,000 ordinary shares of RM1.00 each, for a total cash consideration of RM292.225 million.

Following the completion of the disposal, HPH ceased to be a subsidiary of the Company.

Details of the disposal are as follows:

| | At date of disposal RM |
|---|---|
| Property, plant and equipment (Note 18) | 26,434,080 |
| Investment properties (Note 19) | 4,692,779 |
| Deferred tax assets (Note 25) | 450,584 |
| Inventories | 7,585,197 |
| Trade and other receivables | 38,003,846 |
| Deposits, cash and bank balances | 31,231,130 |
| Trade and other payables | (19,789,720) |
| Bank borrowings | (19,623,702) |
| Net assets | 68,984,194 |
| Non-controlling interest | (14,894,843) |
| | 54,089,351 |
| Net disposal proceeds | (275,316,835) |
| **Gain on disposal to the Group (Note 26)** | **(221,227,484)** |

The net cash flows on disposal was determined as follows:

| | |
|---|---|
| Total proceeds from disposal – cash consideration | 275,316,835 |
| Cash and cash equivalents of subsidiary disposed of | (31,231,130) |
| **Cash inflow to the Group on disposal** | **244,085,705** |

Refer to Note 26(a) for further details on the financial information relating to the discontinued operation for the period up to the date of disposal.

## 7 REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>RM | 2011<br>RM<br>(Restated) | 2012<br>RM | 2011<br>RM |
| Sale of goods | 76,837,492 | 61,675,007 | - | - |
| Rendering of services | 34,209,827 | 13,405,747 | - | - |
| Contract revenue | 39,670,529 | 6,783,364 | - | - |
| Hotel room revenue | 11,446,575 | 5,588,135 | - | - |
| Rental income from office buildings | 32,167,916 | 14,221,605 | - | - |
| Dividend income (gross) | 358,500 | 223,467 | 29,464,174 | 10,045,773 |
| Interest income on advances to subsidiaries | - | - | 1,438,879 | 1,919,098 |
| Management services | - | - | 444,000 | 510,000 |
| | **194,690,839** | **101,897,325** | **31,347,053** | **12,474,871** |

## 8 COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>RM | 2011<br>RM<br>(Restated) | 2012<br>RM | 2011<br>RM |
| Changes in inventories of finished goods and work in progress | 9,036,516 | (1,503,520) | - | - |
| Raw materials and consumables used | 55,039,221 | 45,246,277 | - | - |
| Cost of goods sold | 13,377,805 | 10,920,567 | - | - |
| Contract costs | 36,714,150 | 3,095,236 | - | - |
| Depreciation of property, plant and equipment (Note 18) | 7,966,881 | 8,462,359 | - | - |
| Employee benefits cost (Note 14) | 13,241,740 | 7,171,649 | - | - |
| Repair and maintenance | 1,143,696 | 740,217 | - | - |
| Utilities | 10,319,102 | 6,297,733 | - | - |
| Operating lease payments | 346,948 | 405,679 | - | - |
| Impairment of intangible assets (Note 20) | - | 1,734,795 | - | - |
| Impairment of property, plant and equipment (Note 18) | 16,800,000 | 8,441,434 | - | - |
| Amortisation of intangible assets (Note 20) | 21,000 | 56,404 | - | - |
| Inventories written off | 208,480 | 1,290,893 | - | - |
| Other expenses | 4,814,693 | 1,027,778 | - | - |
| | **169,030,232** | **93,387,501** | **-** | **-** |

## 9 OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>RM | 2011<br>RM<br>(Restated) | 2012<br>RM | 2011<br>RM |
| Rental income | 48,906 | - | - | - |
| Insurance compensation | 124,196 | 180,343 | - | - |
| Deposits forfeited | 334,326 | 105,379 | - | - |
| Quit rent reimbursement | - | 133,956 | - | - |
| Government grants income | 149,883 | 148,624 | - | - |
| Leaseline income | 189,398 | 135,675 | - | - |
| Sale of scrap | 68,095 | 40,109 | - | - |
| Dividend income of available-for-sale financial assets | 23,800 | 10,272 | - | - |
| Late payment interests | 73,100 | - | - | - |
| Miscellaneous income | 151,245 | 97,514 | - | 40 |
| | **1,162,949** | **851,872** | **-** | **40** |

## 10 OTHER EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>RM | 2011<br>RM<br>(Restated) | 2012<br>RM | 2011<br>RM |
| Bad debts written off | 4,150 | 54,620 | - | - |
| Impairment of available-for-sale financial assets | 677,600 | - | - | - |
| Impairment of intangible assets (Note 20) | 492,909 | - | - | - |
| Impairment of advances to subsidiaries | - | - | 9,027,791 | 9,211,856 |
| Impairment of investment in subsidiaries | - | - | 86,031 | 423,303 |
| | **1,174,659** | **54,620** | **9,113,822** | **9,635,159** |

## 11 OTHER GAINS/(LOSSES)

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM (Restated) | 2012 RM | 2011 RM |
| Foreign exchange gain/(loss): | | | | |
| - unrealised | 550,018 | (2,239,222) | (344,900) | (284,261) |
| - realised | 527,845 | (1,579,611) | 540,273 | (298,614) |
| Negative goodwill on acquisition of subsidiaries from non-controlling interest | - | 1,199,436 | - | - |
| Gain on disposal of property, plant and equipment | 2,764 | 1,528 | - | 11 |
| Gain on disposal of a subsidiary | - | - | 273,504,802 | - |
| Gain on strike off of a subsidiary | 10,168 | - | - | - |
| Gain on disposal of financial assets at fair value through profit or loss | 1,108,667 | 54,094 | 1,108,667 | 54,094 |
| Gain on disposal of available-for-sale financial assets | 646,066 | - | 646,066 | - |
| Fair value (losses)/gains on financial assets at fair value through profit or loss | (271,703) | 160,301 | (271,703) | 160,301 |
| | **2,573,825** | **(2,403,474)** | **275,183,205** | **(368,469)** |

## 12 OPERATING (LOSS)/PROFIT

Other than as disclosed in Notes 7, 8, 9,10 and 11 above, the following items have been charged/(credited) in arriving at operating (loss)/profit:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM (Restated) | 2012 RM | 2011 RM |
| Advertising and promotional expenses | 1,927,346 | 1,506,985 | 8,268 | 39,954 |
| (Reversal of impairment)/impairment of trade and other receivables | (326,771) | 159,216 | - | - |
| Auditors' remuneration: | | | | |
| - PricewaterhouseCoopers Malaysia - current year | 254,700 | 185,000 | 67,000 | 45,000 |
| - Other auditors of subsidiaries - current year | 59,342 | 48,940 | - | - |
| Directors' remuneration (Note 13) | 989,248 | 879,438 | 989,248 | 879,438 |
| Property, plant and equipment: | | | | |
| - depreciation (Note 18) | 13,212,370 | 11,266,078 | 97,505 | 97,132 |
| - written off (Note 18) | 169,176 | 300,293 | 2,371 | - |
| - impairment (Note 18) | 320,000 | - | - | - |
| Rental expenses: | | | | |
| - equipment | 116,731 | 150,089 | - | - |
| - premises | 848,220 | 914,303 | 1,934,898 | 2,277,793 |
| Employee benefits cost (Note 14) | 6,099,786 | 8,009,627 | 1,979,439 | 1,835,998 |

## 13 DIRECTORS' REMUNERATION

The aggregate amount of emoluments received/receivable by the Directors of the Group and of the Company during the financial year are as follows:

| | Group and Company 2012 RM | Group and Company 2011 RM |
|---|---|---|
| Non-executive Directors: | | |
| - fees | 120,000 | 102,000 |
| Executive Director: | | |
| - basic salaries and bonus | 762,680 | 677,790 |
| - defined contribution plan | 91,568 | 87,648 |
| - fees | 15,000 | 12,000 |
| | 869,248 | 777,438 |
| | **989,248** | **879,438** |

The estimated monetary value of benefits-in-kind provided to the Directors of the Group and of the Company by way of the provision of other benefits amounted to RM7,200 (2011: RM7,200) and RM7,200 (2011: RM7,200) respectively.

The Executive Director and certain Non-Executive Directors of the Company have been granted options under the Employees' Share Option Scheme ("ESOS") on the same terms and conditions as those offered to other employees of the Group (Note 33). These ESOS have been fully exercised as at the end of the previous financial year.

## 14 EMPLOYEE BENEFITS COST

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM (Restated) | 2012 RM | 2011 RM |
| Wages, salaries and bonus | 17,284,788 | 13,542,527 | 1,569,389 | 1,491,606 |
| Defined contribution plan | 1,582,384 | 1,624,129 | 276,101 | 207,912 |
| Employees' share options | 133,949 | 136,480 | 133,949 | 136,480 |
| Termination benefits | 452,200 | - | - | - |
| | **19,453,321** | **15,303,136** | **1,979,439** | **1,835,998** |
| Less: Employee benefits cost capitalised into: | | | | |
| - property, plant and equipment (Note 18) | (111,795) | (121,860) | - | - |
| | **19,341,526** | **15,181,276** | **1,979,439** | **1,835,998** |

## 15 FINANCE INCOME AND COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM (Restated) | 2012 RM | 2011 RM |
| Interest expenses on: | | | | |
| - term loans | 7,762,481 | 7,394,905 | - | - |
| - revolving credits | 7,193,289 | 7,127,043 | 423,176 | 992,528 |
| - hire-purchase and finance lease | 5,990 | 6,615 | - | - |
| - bank overdrafts | 9,007 | 10,406 | - | - |
| - advances from a subsidiary | - | - | 149,041 | 106,889 |
| - commitment fees | 111,861 | 156,200 | 108,749 | 59,735 |
| **Total finance costs** | **15,082,628** | **14,695,169** | **680,966** | **1,159,152** |
| Finance income: | | | | |
| - interest income on deposits with licensed banks | 4,322,013 | 201,757 | 4,077,920 | 81,582 |
| - interest income on available-for-sale financial assets | - | 179,367 | - | 179,367 |
| - interest income on concession receivables | 8,465,404 | - | - | - |
| - financial guarantee in respect of credit facilities granted to a subsidiary (Note 42) | - | - | 28,677 | - |
| **Total finance income** | **12,787,417** | **381,124** | **4,106,597** | **260,949** |
| **Net finance costs/(income)** | **2,295,211** | **14,314,045** | **(3,425,631)** | **898,203** |

## 16 TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM (Restated) | 2012 RM | 2011 RM |
| Current tax: | | | | |
| - Malaysian tax | 7,294,783 | 1,049,306 | 6,991,544 | 1,093,642 |
| - Foreign tax | 9,600 | 4,568 | - | - |
| | 7,304,383 | 1,053,874 | 6,991,544 | 1,093,642 |
| Deferred tax (Note 25) | 3,776,129 | 77,243 | 8,354 | 85,108 |
| | **11,080,512** | **1,131,117** | **6,999,898** | **1,178,750** |
| Current tax: | | | | |
| Current year | 7,240,113 | 1,141,297 | 6,952,416 | 1,093,642 |
| Under/(over) accrual in prior years | 64,270 | (87,423) | 39,128 | - |
| | 7,304,383 | 1,053,874 | 6,991,544 | 1,093,642 |
| Deferred tax: | | | | |
| Origination and reversal of temporary differences | 3,763,377 | 77,243 | (4,398) | 85,108 |
| Under accrual in prior years | 12,752 | - | 12,752 | - |
| | 3,776,129 | 77,243 | 8,354 | 85,108 |
| **Tax expense** | **11,080,512** | **1,131,117** | **6,999,898** | **1,178,750** |

## 16 TAXATION (cont'd)

The reconciliation between the effective tax rate and the Malaysian tax rate are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 % | 2011 % (Restated) | 2012 % | 2011 % |
| Malaysian tax rate | 25 | 25 | 25 | (25) |
| Tax effects of: | | | | |
| - share of results of an associate | (19) | (94) | - | - |
| - expenses not deductible for tax purposes | 15 | 13 | - | 50 |
| - income not subject to tax | (3) | (7) | (23) | (4) |
| - current year's tax losses and deductible temporary differences not recognised | 5 | 84 | - | - |
| - utilisation of previously unrecognised tax losses | (5) | (7) | - | - |
| - utilisation of previously unrecognised deductible temporary differences | (1) | (3) | - | - |
| - under/(over) accrual of current tax in prior years | * | (1) | - | - |
| - over accrual of deferred tax in prior years | * | - | - | - |
| **Effective tax rate** | **17** | **10** | **2** | **21** |

** Less than 1%*

## 17 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Profit attributable to ordinary equity holders of the Company (RM): | | |
| - from continuing operations | 55,616,008 | 10,824,691 |
| - from discontinuing operation | 1,855,204 | 1,757,178 |
| - from discontinued operation | 228,549,087 | 10,837,133 |
| **Total** | **286,020,299** | **23,419,002** |
| Weighted average number of ordinary shares in issue | 610,039,339 | 609,037,993 |
| Basic earnings per share (sen) | | |
| - continuing operations | 9.12 | 1.78 |
| - discontinuing operation | 0.30 | 0.29 |
| - discontinued operation | 37.46 | 1.78 |
| | **46.88** | **3.85** |

## 17 EARNINGS PER SHARE (cont'd)

### (b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares from share options granted to employees.

In respect of share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the financial year for the share options calculation.

| | Group | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Profit attributable to ordinary equity holders of the Company (RM): | | |
| - from continuing operations | 55,616,008 | 10,824,691 |
| - from discontinuing operation | 1,855,204 | 1,757,178 |
| - from discontinued operation | 228,549,087 | 10,837,133 |
| **Total** | **286,020,299** | **23,419,002** |
| Weighted average number of ordinary shares in issue | 610,039,339 | 609,037,993 |
| Adjustment for exercise of ESOS | 67,146 | 269,026 |
| Weighted average number of ordinary shares for diluted earnings per share | 610,106,485 | 609,307,019 |
| Diluted earnings per share (sen) | | |
| - continuing operations | 9.12 | 1.78 |
| - discontinuing operation | 0.30 | 0.29 |
| - discontinued operation | 37.46 | 1.78 |
| | **46.88** | **3.85** |

## 18 PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land RM | Leasehold land RM | Buildings RM | Plant and machinery RM | Furniture, fixtures, fittings and equipment RM | Motor vehicles RM | Gymnasium and electrical equipment RM | Renovation RM | Hatchery RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | |
| At 1 February 2011: | | | | | | | | | | | |
| As previously stated | 54,031,149 | 13,501,873 | 259,114,742 | 92,240,172 | 90,803,738 | 1,302,034 | 1,131,240 | 3,614,490 | 611,221 | 12,151,408 | 528,502,067 |
| Effect of adoption of IC 12 (Note 49) | - | - | (6,880,604) | (17,165,029) | (1,186,699) | - | - | - | - | (11,856,133) | (37,088,465) |
| As restated | 54,031,149 | 13,501,873 | 252,234,138 | 75,075,143 | 89,617,039 | 1,302,034 | 1,131,240 | 3,614,490 | 611,221 | 295,275 | 491,413,602 |
| Additions | - | - | 22,879,794 | 2,153,573 | 5,745,398 | 279,469 | 160,536 | 461,398 | 75,851 | 1,659,837 | 33,415,856 |
| Disposals | - | - | - | - | (179,568) | (85,014) | - | - | - | - | (264,582) |
| Disposal of subsidiary (Note 6) | - | (3,798,871) | (18,667,009) | (14,674,606) | (3,043,083) | (346,334) | - | (3,437,416) | - | - | (43,967,319) |
| Written off | - | - | - | - | (170,986) | - | - | (176,129) | - | - | (347,115) |
| Reclassification | - | - | 742,817 | (1,329,541) | 819,064 | 283,807 | - | 451,633 | 348,600 | (1,316,380) | - |
| Reclassification to assets held for sale (Note 26(b)) | - | - | - | - | (8,514,965) | - | - | (740,202) | - | - | (9,255,167) |
| Currency translation differences | - | 376,175 | 576,864 | 1,759,622 | 11,203 | 70,700 | - | 5,960 | - | (77,092) | 2,723,432 |
| **At 31 January 2012** | **54,031,149** | **10,079,177** | **257,766,604** | **62,984,191** | **84,284,102** | **1,504,662** | **1,291,776** | **179,734** | **1,035,672** | **561,640** | **473,718,707** |

## 18 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group | Freehold land RM | Leasehold land RM | Buildings RM | Plant and machinery RM | Furniture, fixtures, fittings and equipment RM | Motor vehicles RM | Gymnasium and electrical equipment RM | Renovation RM | Hatchery RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2012 | | | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | | | |
| At 1 February 2011: | | | | | | | | | | | |
| As previously stated | - | 1,250,173 | 14,245,970 | 26,109,920 | 17,222,085 | 836,883 | 112,922 | 2,400,815 | 224,466 | - | 62,403,234 |
| Effect of adoption of IC 12 (Note 49) | - | - | (1,065,128) | (3,614,604) | (79,019) | - | - | - | - | - | (4,758,751) |
| As restated | - | 1,250,173 | 13,180,842 | 22,495,316 | 17,143,066 | 836,883 | 112,922 | 2,400,815 | 224,466 | - | 57,644,483 |
| Charge for the financial year | - | 226,509 | 6,410,696 | 3,883,457 | 12,406,640 | 217,887 | 254,453 | 248,778 | 7,074 | - | 23,655,494 |
| Disposals | - | - | - | - | (118,566) | (76,512) | - | - | - | - | (195,078) |
| Disposal of subsidiary (Note 6) | - | (250,096) | (3,366,830) | (9,479,731) | (1,900,052) | (167,557) | - | (2,368,973) | - | - | (17,533,239) |
| Written off | - | - | - | - | (121,806) | - | - | (56,133) | - | - | (177,939) |
| Reclassification | - | - | (4,282,595) | 2,088,357 | 1,901,057 | 123,898 | - | 169,283 | - | - | - |
| Reclassification to assets held for sale (Note 26(b)) | - | - | - | - | (5,598,591) | - | - | (357,720) | - | - | (5,956,311) |
| Currency translation differences | - | 41,954 | 217,458 | 553,485 | 8,175 | 27,952 | - | 395 | - | - | 849,419 |
| **At 31 January 2012** | **-** | **1,268,540** | **12,159,571** | **19,540,884** | **23,719,923** | **962,551** | **367,375** | **36,445** | **231,540** | **-** | **58,286,829** |
| Accumulated impairment losses | | | | | | | | | | | |
| At 1 February 2011 | 274,967 | - | 133,869 | 14,977,081 | 595,276 | - | - | - | - | - | 15,981,193 |
| Charge for the financial year | - | - | 2,594,658 | 13,855,816 | 295,267 | - | - | - | 374,259 | - | 17,120,000 |
| **At 31 January 2012** | **274,967** | **-** | **2,728,527** | **28,832,897** | **890,543** | **-** | **-** | **-** | **374,259** | **-** | **33,101,193** |
| Net book value | | | | | | | | | | | |
| **At 31 January 2012** | **53,756,182** | **8,810,637** | **242,878,506** | **14,610,410** | **59,673,636** | **542,111** | **924,401** | **143,289** | **429,873** | **561,640** | **382,330,685** |

## 18 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group | Freehold land RM | Leasehold land RM | Buildings RM | Plant and machinery RM | Furniture, fixtures, fittings and equipment RM | Motor vehicles RM | Gymnasium and electrical equipment RM | Renovation RM | Hatchery RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2011** | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | |
| At 1 February 2010: | | | | | | | | | | | |
| As previously stated | 54,031,149 | 14,255,041 | 53,017,670 | 90,358,371 | 19,104,061 | 1,298,410 | - | 3,545,835 | 598,723 | 242,568,064 | 478,777,324 |
| Effect of adoption of IC 12 (Note 49) | - | - | (7,415,803) | (18,721,837) | (1,236,357) | - | - | - | - | (811,887) | (28,185,884) |
| As restated | 54,031,149 | 14,255,041 | 45,601,867 | 71,636,534 | 17,867,704 | 1,298,410 | - | 3,545,835 | 598,723 | 241,756,177 | 450,591,440 |
| Additions | - | - | 30,317,382 | 933,353 | 14,792,427 | 103,000 | 1,131,240 | 498,678 | 12,498 | 348,600 | 48,137,178 |
| Disposals | - | - | - | (568,492) | (259,434) | (32,397) | - | (421,664) | - | - | (1,281,987) |
| Written off | - | - | - | - | (185,364) | (4,336) | - | - | - | (299,871) | (489,571) |
| Reclassification | - | - | 177,435,224 | 6,613,067 | 57,461,340 | - | - | - | - | (241,509,631) | - |
| Currency translation differences | - | (753,168) | (1,120,335) | (3,539,319) | (59,634) | (62,643) | - | (8,359) | - | - | (5,543,458) |
| **At 31 January 2011** | **54,031,149** | **13,501,873** | **252,234,138** | **75,075,143** | **89,617,039** | **1,302,034** | **1,131,240** | **3,614,490** | **611,221** | **295,275** | **491,413,602** |
| **Accumulated depreciation** | | | | | | | | | | | |
| At 1 February 2010: | | | | | | | | | | | |
| As previously stated | - | 1,108,719 | 7,893,144 | 22,088,348 | 6,356,029 | 732,005 | - | 2,398,753 | 149,625 | - | 40,726,623 |
| Effect of adoption of IC 12 (Note 49) | - | - | (644,149) | (2,609,198) | (45,926) | - | - | - | - | - | (3,299,273) |
| As restated | - | 1,108,719 | 7,248,995 | 19,479,150 | 6,310,103 | 732,005 | - | 2,398,753 | 149,625 | - | 37,427,350 |
| Charge for the financial year | - | 207,133 | 6,271,263 | 4,498,396 | 11,307,052 | 190,497 | 112,922 | 426,695 | 74,841 | - | 23,088,799 |
| Disposals | - | - | - | (566,568) | (251,775) | (32,397) | - | (421,664) | - | - | (1,272,404) |
| Written off | - | - | - | - | (179,713) | (4,336) | - | - | - | - | (184,049) |
| Reclassification | - | - | (26,879) | 21,315 | 5,564 | - | - | - | - | - | - |
| Currency translation differences | - | (65,679) | (312,537) | (936,977) | (48,165) | (48,886) | - | (2,969) | - | - | (1,415,213) |
| **At 31 January 2011** | **-** | **1,250,173** | **13,180,842** | **22,495,316** | **17,143,066** | **836,883** | **112,922** | **2,400,815** | **224,466** | **-** | **57,644,483** |

# Notes To The Financial Statements
For The Financial Year Ended 31 January 2012 (cont'd)

## 18 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group | Freehold land RM | Leasehold land RM | Buildings RM | Plant and machinery RM | Furniture, fixtures, fittings and equipment RM | Motor vehicles RM | Gymnasium and electrical equipment RM | Renovation RM | Hatchery RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accumulated impairment losses** | | | | | | | | | | | |
| At 1 February 2010 | - | - | 133,869 | 6,810,614 | 595,276 | - | - | - | - | - | 7,539,759 |
| Charge for the financial year | 274,967 | - | - | 8,166,467 | - | - | - | - | - | - | 8,441,434 |
| **At 31 January 2011** | **274,967** | **-** | **133,869** | **14,977,081** | **595,276** | **-** | **-** | **-** | **-** | **-** | **15,981,193** |
| **Net book value** | | | | | | | | | | | |
| **At 31 January 2011** | **53,756,182** | **12,251,700** | **238,919,427** | **37,602,746** | **71,878,697** | **465,151** | **1,018,318** | **1,213,675** | **386,755** | **295,275** | **417,787,926** |

Employee benefit costs of RM111,795 (2011: RM121,860), incurred for the construction of buildings and plant and machinery of a subsidiary of the Group, were capitalised in capital work-in-progress during the financial year (Note 14).

During the financial year, the Group recorded an impairment charge of RM17,120,000 based on value in use calculations. This loss has been included in “cost of sales” and “administrative expenses” in the income statement.

## 18 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Depreciation of property, plant and equipment is included in: | | |
| - cost of sales | 7,966,881 | 8,462,359 |
| - administrative expenses | 13,212,370 | 11,266,078 |
| - discontinued operation | 1,138,128 | 2,152,011 |
| - discontinuing operation | 1,338,115 | 1,208,351 |
| | **23,655,494** | **23,088,799** |
| Written off of property, plant and equipment is included in: | | |
| - administrative expenses | 169,176 | 300,293 |
| - discontinued operation | - | 1,322 |
| - discontinuing operation | - | 3,907 |
| | **169,176** | **305,522** |
| Impairment of property, plant and equipment is included in: | | |
| - cost of sales | 16,800,000 | 8,441,434 |
| - administrative expenses | 320,000 | - |
| | **17,120,000** | **8,441,434** |

Net book value of assets pledged as security for term loans, revolving credits and trust receipts (Note 38) are as follows:

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Freehold land | 50,888,974 | 53,756,182 |
| Buildings | 235,700,169 | 215,963,778 |
| Plant and machinery | 9,155,112 | 32,289,852 |
| | **295,744,255** | **302,009,812** |

The net book value of motor vehicles and plant and machinery under hire-purchase and finance lease arrangements at the end of the financial year amounted to RM79,632 (2011: RM1,604,005).

## 18 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Company | Furniture, fixtures, fittings and equipment 2012 RM | 2011 RM |
|---|---|---|
| **Cost** | | |
| At 1 February | 801,748 | 503,726 |
| Additions | 66,689 | 302,440 |
| Written off | (7,593) | - |
| Transfer to a subsidiary | (15,879) | (4,418) |
| **At 31 January** | **844,965** | **801,748** |
| **Accumulated depreciation** | | |
| At 1 February | 351,584 | 254,462 |
| Charge for the financial year | 97,505 | 97,132 |
| Written off | (5,222) | - |
| Transfer to a subsidiary | (15,846) | (11) |
| **At 31 January** | **428,021** | **351,583** |
| **Net book value** | | |
| **At 31 January** | **416,944** | **450,165** |

## 19 INVESTMENT PROPERTIES

| | Group 2012 RM | 2011 RM |
|---|---|---|
| **Buildings** | | |
| **Cost** | | |
| At 1 February | 5,045,999 | 5,045,999 |
| Disposal of a subsidiary (Note 6) | (5,045,999) | - |
| **At 31 January** | **-** | **5,045,999** |
| **Accumulated amortisation** | | |
| At 1 February | 302,760 | 201,840 |
| Charge for the financial year | 50,460 | 100,920 |
| Disposal of a subsidiary (Note 6) | (353,220) | - |
| **At 31 January** | **-** | **302,760** |
| **Net book value** | | |
| **At 31 January** | **-** | **4,743,239** |

The investment properties of a subsidiary were pledged as security for term loan (Note 38) in the previous financial year. As at 31 January 2011, the fair value of the investment properties were estimated at RM6,060,467 based on the Directors' valuation and assessment of recent transaction of properties of a similar nature and location.

## 20 INTANGIBLE ASSETS

| Group | Development costs RM | License RM | Goodwill RM | Technological know-how RM | Acquired rights RM | Software RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 February 2011: | | | | | | | |
| As previously stated | 1,520,908 | 400,000 | 3,150,558 | 1,770,200 | 6,224,388 | 2,054,172 | 15,120,226 |
| Effect of adoption of IC 12 (Note 49) | - | - | (1,594,527) | - | - | - | (1,594,527) |
| | 1,520,908 | 400,000 | 1,556,031 | 1,770,200 | 6,224,388 | 2,054,172 | 13,525,699 |
| Additions | - | - | - | - | - | 21,200 | 21,200 |
| Reclassification to assets held for sale (Note 26(b)) | (1,520,908) | - | (1,063,122) | - | (6,224,388) | (2,075,372) | (10,883,790) |
| **At 31 January 2012** | **-** | **400,000** | **492,909** | **1,770,200** | **-** | **-** | **2,663,109** |
| **Accumulated amortisation** | | | | | | | |
| At 1 February 2011 | 1,216,728 | 32,746 | - | 35,404 | 2,559,235 | 1,139,581 | 4,983,694 |
| Charge for the financial year | 304,180 | 21,000 | - | - | - | 690,024 | 1,015,204 |
| Reclassification to assets held for sale (Note 26(b)) | (1,520,908) | - | - | - | (2,559,235) | (1,829,605) | (5,909,748) |
| **At 31 January 2012** | **-** | **53,746** | **-** | **35,404** | **-** | **-** | **89,150** |
| **Accumulated impairment losses** | | | | | | | |
| At 1 February 2011 | - | - | - | 1,734,796 | 3,665,153 | - | 5,399,949 |
| Charge for the financial year | - | - | 492,909 | - | - | - | 492,909 |
| Reclassification to assets held for sale (Note 26(b)) | - | - | - | - | (3,665,153) | - | (3,665,153) |
| **At 31 January 2012** | **-** | **-** | **492,909** | **1,734,796** | **-** | **-** | **2,227,705** |
| **Net book value** | | | | | | | |
| **At 31 January 2012** | **-** | **346,254** | **-** | **-** | **-** | **-** | **346,254** |
| **At 31 January 2011** | **304,180** | **367,254** | **1,556,031** | **-** | **-** | **914,591** | **3,142,056** |

Development costs principally comprise of expenditure on the development of new products where it is reasonably anticipated that the costs will be recovered through future commercial activities. The development costs was amortised over its useful life of 5 years.

## 20 INTANGIBLE ASSETS (cont'd)

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Amortisation of intangible assets is included in: | | |
| - cost of sales | 21,000 | 56,404 |
| - discontinuing operation | 994,204 | 1,869,778 |
| | **1,015,204** | **1,926,182** |

When any indicators of impairment are identified, property, plant and equipment and intangible assets are reviewed for impairment based on each cash-generating unit ("CGU"). The carrying value of these CGUs was compared to the recoverable amount of the CGUs, which was based on the higher of value-in-use and fair value less costs to sell. Impairment review was carried out on the following CGUs that recorded losses during the financial year:

**Impairment tests for goodwill**

The carrying amount of goodwill allocated to the Group's cash-generating units ("CGUs") is as follows:

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Paper manufacturing | - | 492,909 |
| Information and communication technology | - | 1,063,122 |
| | **-** | **1,556,031** |

The recoverable amount of the CGUs are determined based on value-in-use calculations, using pre-tax cash flow projections based on financial budgets approved by the Directors. The growth rate does not exceed the long term average growth rate for the relevant CGUs.

During the financial year, an impairment charge of RM492,909 relating to goodwill attributable to paper manufacturing CGU assessed based on value in use calculation has been included in "other expenses" in the income statement (Note 10).

The key assumptions used in the value-in-use calculations in 2011 for the CGUs are as follows:

| CGU | Basis of cash flow projections | Gross margin % | Growth rate % | Pre-tax discount rate % |
|---|---|---|---|---|
| Information and communication technology (other than China) | 5 years discounted cash flows | 19.00-20.00 | 12.00 | 13.97 |

The Directors have determined the budgeted gross margin and the average growth rate based on expected performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

In the previous financial year, the recoverable amount of the paper manufacturing CGU was determined based on fair value less cost to sell. The valuation of the paper manufacturing CGU's property, plant and equipment was carried out by an external independent qualified valuer. The valuation was arrived at by the replacement cost basis for all property, plant and equipment except for land, in which the comparison method of valuation was adopted, where reference were made to sales transactions as well as selling prices of similar properties in the location. Based on this valuation, the recoverable amount exceeded the carrying amount of the paper manufacturing CGU.

## 20 INTANGIBLE ASSETS (cont'd)

**Impairment of technological know-how**

The Group acquired technological know-how to provide a full range of certification and licensing services in developing and producing chemical and pollution free fishes in the aquaculture reporting segment.

The recoverable amount was determined based on fair value less costs to sell using the investment method reflecting receipt of rentals, expected future rentals, current market yield and maintenance requirements. The Group uses assumptions that are mainly based on market conditions existing at each reporting date. The carrying amount of the technological know-how has been fully impaired in the previous financial year.

**Impairment tests for acquired rights**

Included in the information and communication technology operating segment is an entity with rights to operate as a mobile gateway provider to telecommunication companies in China. In the previous financial year, the Board of Directors have reviewed the business model and decided that the business is not feasible and accordingly, the carrying amount of the acquired rights has been fully impaired in the previous financial year.

## 21 SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2012 RM | 2011 RM |
| **Investment in subsidiaries, at cost** | | |
| Unquoted ordinary shares | 104,670,461 | 49,983,929 |
| Less: Accumulated impairment losses | (3,498,303) | (3,498,303) |
| | **101,172,158** | **46,485,626** |
| Advances to subsidiaries | 98,532,943 | 125,700,430 |
| Less: Provision for impairment of advances to subsidiaries | (38,277,495) | (29,249,704) |
| | **60,255,448** | **96,450,726** |
| Financial guarantee contract to a subsidiary (Note 42) | 86,031 | 86,031 |
| Less: Provision for impairment | (86,031) | - |
| | **-** | **86,031** |
| **Total** | **161,427,606** | **143,022,383** |

The details of subsidiaries are as follows:

| Name of company | Place of incorporation | Principal activities | Group's effective interest 2012 % | Group's effective interest 2011 % |
|---|---|---|---|---|
| Ecosem Sdn Bhd | Malaysia | Ceased operations | 100.00 | 100.00 |
| GoldChina Sdn Bhd | Malaysia | Investment holding | 100.00 | 100.00 |
| Goldis Capital Sdn Bhd | Malaysia | Dormant | 100.00 | 100.00 |
| GTower Sdn Bhd[(a)] | Malaysia | Property investment holding | 80.00 | 100.00 |
| Goldis Water Sdn Bhd | Malaysia | Investment holding | 100.00 | 100.00 |

## 21 SUBSIDIARIES (cont'd)

| Name of company | Place of incorporation | Principal activities | Group's effective interest 2012 % | Group's effective interest 2011 % |
|---|---|---|---|---|
| Goldis Yu Sdn Bhd | Malaysia | Money lending services | 100.00 | 100.00 |
| Macro Kiosk Berhad(b) | Malaysia | Mobile communications technology provider | 70.00 | 70.00 |
| HOEPharma Holdings Sdn Bhd | Malaysia | Healthcare management services | - | 78.15 |
| Macro Lynx Sdn Bhd | Malaysia | Broadband web based solutions | 100.00 | 100.00 |
| Multistock Sdn Bhd | Malaysia | Investment trading and investment holding | 100.00 | 100.00 |
| Sweat Club Sdn Bhd(c) (In Members' Voluntary Winding-Up) | Malaysia | Ceased operations | - | 100.00 |
| Lautan Bumimas Sdn Bhd | Malaysia | Dormant | 100.00 | - |
| **Held by GoldChina Sdn Bhd** | | | | |
| GoldChina Pte Ltd +(d) | Singapore | Ceased operations | - | 100.00 |
| Crest Spring Pte Ltd + | Singapore | Investment holding | 100.00 | 100.00 |
| Manax Limited + | Hong Kong | Investment holding | 100.00 | 100.00 |
| **Held by Crest Spring Pte Ltd** | | | | |
| Crest Spring (Shanghai) Co. Ltd + | The People's Republic of China | Provision of engineering services for pure water and waste water treatment plants and related services | 100.00 | 100.00 |
| **Held by Crest Spring (Shanghai) Co. Ltd** | | | | |
| Jiang Su Crest Spring Co. Ltd + | The People's Republic of China | Provision of engineering services for pure water and waste water treatment plants and related services | 99.50 | 99.50 |
| Yantai Xin Cheng Wastewater Treatment Co. Ltd + | The People's Republic of China | Management, operation and maintenance of waste water treatment plant for a concession period of 23 years | 99.89 | 99.89 |

## 21 SUBSIDIARIES (cont'd)

| Name of company | Place of incorporation | Principal activities | Group's effective interest 2012 % | Group's effective interest 2011 % |
|---|---|---|---|---|
| **Held by Jiang Su Crest Spring Co. Ltd** | | | | |
| Ganyu Xin Cheng Sewage Treatment Co. Ltd + | The People's Republic of China | Management, operation and maintenance of waste water treatment plant for a concession period of 24 years | 99.61 | 99.61 |
| **Held by Manax Limited** | | | | |
| Tianjin Manax Natural Fibre Thin Film Co. Ltd + | The People's Republic of China | Paper manufacturing | 80.00 | 80.00 |
| **Held by Goldis Water Sdn Bhd** | | | | |
| Goldis Water Pte Ltd + | Singapore | Investment holding | 100.00 | 100.00 |
| **Held by Goldis Water Pte Ltd** | | | | |
| ZouCheng XinCheng Waste Water Co. Ltd + | The People's Republic of China | Management, operation and maintenance of waste water treatment plant for a concession period of 25 years | 100.00 | 100.00 |
| **Held by Goldis Yu Sdn Bhd** | | | | |
| G Fish (Asia) Sdn Bhd | Malaysia | Aquaculture | 90.00 | 90.00 |
| **Held by G Fish (Asia) Sdn Bhd** | | | | |
| OM3 Fish Development Sdn Bhd | Malaysia | Aquaculture farms development and construction | 90.00 | 90.00 |
| OM3 Fish (Asia) Sdn Bhd | Malaysia | Marketing and sale of aquaculture products | 90.00 | 90.00 |
| OM3 Fish Services Sdn Bhd | Malaysia | Aquaculture operation and provision of management services | 90.00 | 90.00 |

## 21 SUBSIDIARIES (cont'd)

| Name of company | Place of incorporation | Principal activities | Group's effective interest 2012 % | Group's effective interest 2011 % |
|---|---|---|---|---|
| **Held by HOEPharma Holdings Sdn Bhd** | | | | |
| HOEPharma (HK) Limited + | Hong Kong | Healthcare management services | - | 78.15 |
| HOE Pharmaceuticals Sdn Bhd | Malaysia | Manufacturer of pharmaceutical products | - | 78.15 |
| Genesis Pharma Sdn Bhd | Malaysia | Retailing of pharmaceutical products and herbal medicines | - | 78.15 |
| Intact Pharma Sdn Bhd | Malaysia | Provision of management services for marketing of liquid preparations and pharmaceuticals products | - | 78.15 |
| **Held by Macro Kiosk Berhad**[(b)] | | | | |
| Cinomobile Pte Ltd + | Singapore | Dormant | 70.00 | 70.00 |
| Eluxion Media (M) Sdn Bhd | Malaysia | Ceased operations | 70.00 | 70.00 |
| Macro Mobile Services Sdn Bhd | Malaysia | Mobile communications technology provider | 70.00 | 70.00 |
| Macro Kiosk (HK) Ltd + | Hong Kong | Mobile communications technology provider | 70.00 | 70.00 |
| Macro Kiosk Ltd + | Thailand | Mobile communications technology provider | 69.28 | 69.28 |
| Macro Kiosk Pte Ltd + | Singapore | Mobile communications technology provider | 70.00 | 70.00 |
| Macro Kiosk Co. Ltd + | Taiwan | Mobile communications technology provider | 70.00 | 70.00 |
| PT Permata Cipta Rejeki + | Indonesia | Mobile communications technology provider | 70.00 | 70.00 |
| Toprole Network Sdn Bhd | Malaysia | Mobile communications technology provider | 70.00 | 70.00 |
| IGM Mobile (China) Limited + | Hong Kong | Mobile communications technology provider | 70.00 | 70.00 |
| Macro Kiosk Joint Stock Company + | Vietnam | Mobile communications technology provider | 70.00 | 70.00 |

## 21 SUBSIDIARIES (cont'd)

| Name of company | Place of incorporation | Principal activities | Group's effective interest 2012 % | Group's effective interest 2011 % |
|---|---|---|---|---|
| **Held by Macro Kiosk Berhad (cont'd)** | | | | |
| Macro Kiosk (Guangzhou) Technologies Co. Ltd + | The People's Republic of China | Mobile communications technology provider | 70.00 | 70.00 |
| Macro Simnergy Sdn Bhd[(e)] | Malaysia | Mobile communications technology provider | 38.50 | 70.00 |
| Macro Kiosk (Australia) Pty Ltd + | Australia | Mobile communications technology provider | 70.00 | 70.00 |
| Macro Kiosk (India) Pvt. Ltd+ | India | Dormant | 70.00 | - |
| Macro Kiosk FZ-LLC+ | Dubai, United Arab Emirates | Dormant | 70.00 | - |
| **Held by Macro Lynx Sdn Bhd** | | | | |
| MVC Fiberlynx Sdn Bhd | Malaysia | Broadband web based solutions | 100.00 | 100.00 |
| Mines Fiberlynx Sdn Bhd | Malaysia | Broadband web based solutions | 100.00 | 100.00 |
| **Held by GTower Sdn Bhd** | | | | |
| Elements Gym Sdn Bhd | Malaysia | Gym operation | 80.00 | 100.00 |
| G City Club Hotel Sdn Bhd | Malaysia | Hotel operation | 80.00 | 100.00 |
| Sonata Vision Sdn Bhd | Malaysia | Food and beverage operation | 80.00 | 100.00 |

*+ Audited by a firm other than PricewaterhouseCoopers, Malaysia.*

*(a) On 12 December 2007, GTower Sdn Bhd ("GTSB") has issued 70 million Irredeemable Convertible Non-Cumulative Preference Shares ("ICPS") with a par value of RM0.05 each at an issue price of RM1.00 each. The purpose of the issuance of ICPS is to part finance the construction of GTower, a property investment project undertaken by GTSB. The ICPS was fully subscribed as follows:*

*(i) 50% of the total subscription amount of RM70,000,000 have been subscribed and paid on 11 March 2008; and*

*(ii) the remaining 50% of the subscription amount was paid on 3 November 2008.*

*On 6 September 2011, 70 million ICPS of RM0.05 each has been converted to 3,500,000 ordinary shares of RM1.00 each, fully paid-up.*

## 21 SUBSIDIARIES (cont'd)

(b) *On 14 December 2011, the Company has accepted the offer from Trigoh Sdn Bhd ("Trigoh") for the proposed disposal of its entire equity interest in Macro Kiosk Berhad, representing 70% of the issued and paid-up share capital of MKB to Trigoh for a total consideration of RM15 million. The proposed disposal is subject to fulfilment of certain conditions precedent. However, these conditions precedent have not been fulfilled by Trigoh at the extended period to 29 February 2012.*

*Accordingly, the entire assets and liabilities of MKB and its subsidiaries are classified as disposal group held for sale in accordance with FRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as set out in Note 26(b).*

(c) *On 29 September 2011, a wholly-owned subsidiary of the Company, Sweat Club Sdn Bhd, has been dissolved following the submission of Return by Liquidator Relating to Final Meeting with the Companies Commission of Malaysia and Official Receiver.*

(d) *On 9 May 2011, GoldChina Pte Ltd, a wholly-owned subsidiary of the Company, had been struck-off by the Singapore Accounting and Corporate Regulatory Authority.*

(e) *Company in which the Group has more than half of the voting powers through its control over Macro Kiosk Berhad, a subsidiary of the Company. Accordingly, this investment is treated as a subsidiary.*

## 22 ASSOCIATE

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Quoted ordinary shares in Malaysia, at cost | 677,701,768 | 676,505,830 | 616,189,484 | 614,993,546 |
| Add: Group's share of post-acquisition results and reserves | 332,192,959 | 280,913,162 | - | - |
| | **1,009,894,727** | **957,418,992** | **616,189,484** | **614,993,546** |
| Share of net assets | 1,009,894,727 | 957,418,992 | | |
| **Market value:** | | | | |
| - Quoted ordinary shares in Malaysia | 1,100,790,065 | 851,349,174 | 1,045,416,960 | 808,460,355 |

The following amounts represent the Group's share of assets and liabilities of the associate:

| | Group | |
|---|---|---|
| | 2012 RM | 2011 RM |
| Non-current assets | 1,066,186,187 | 1,036,352,070 |
| Current assets | 415,890,704 | 316,464,437 |
| Current liabilities | (185,627,502) | (203,714,109) |
| Non-current liabilities | (286,554,662) | (191,683,406) |
| **Share of net assets** | **1,009,894,727** | **957,418,992** |

## 22 ASSOCIATE (cont'd)

The Group's share of revenue and expenses of the associate are as follows:

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Revenue | 213,872,417 | 198,609,242 |
| Operating expenses including taxation | (132,263,345) | (140,967,189) |
| **Profit for the financial year** | **81,609,072** | **57,642,053** |

The details of the associate are as follows:

| Name of company | Place of incorporation | Principal activities | Group's effective interest 2012 % | Group's effective interest 2011 % |
|---|---|---|---|---|
| IGB Corporation Berhad | Malaysia | Investment holdings and property development | 27.80 | 27.64 |

As at 31 January 2012, 82,700,000 and 37,800,000 (2011: 82,700,000 and 37,800,000) ordinary shares in the associate were pledged as security for revolving credits (Note 38) of the Group and of the Company respectively.





## 23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| **Non-current** | | | | |
| At 1 February | 1,245,501 | 1,306,991 | - | - |
| Disposals | (362,323) | (20,880) | - | - |
| Currency translation differences | 35,422 | (40,610) | - | - |
| | 918,600 | 1,245,501 | - | - |
| Impairment loss (Note 10) | (677,600) | - | - | - |
| **At 31 January** | **241,000** | **1,245,501** | **-** | **-** |
| **Current** | | | | |
| At 1 February | 10,634,812 | 1,529,731 | 10,158,278 | 1,090,286 |
| Additions | - | 6,648,087 | - | 6,648,087 |
| Disposals | (1,082,367) | - | (1,082,367) | - |
| Fair value gains recognised in other comprehensive income | 4,966,353 | 2,456,994 | 4,968,902 | 2,419,905 |
| **At 31 January** | **14,518,798** | **10,634,812** | **14,044,813** | **10,158,278** |
| **Total** | **14,759,798** | **11,880,313** | **14,044,813** | **10,158,278** |

## 23 AVAILABLE-FOR-SALE FINANCIAL ASSETS (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Analysed as follows: | | | | |
| **Non-current** | | | | |
| Unquoted shares outside Malaysia | - | 1,011,181 | - | - |
| Quoted investment funds outside Malaysia | 241,000 | 234,320 | - | - |
| | **241,000** | **1,245,501** | **-** | **-** |
| **Current** | | | | |
| **Quoted shares in Malaysia** | **14,518,798** | **10,634,812** | **14,044,813** | **10,158,278** |

None of these financial assets is impaired.

## 24 CONCESSION RECEIVABLES

| | Group | | |
|---|---|---|---|
| | 2012 RM | 2011 RM (Restated) | 2010 RM (Restated) |
| Non-current | 38,464,762 | 27,240,655 | 19,381,462 |
| Current | 9,157,200 | 6,683,586 | 7,185,767 |
| | **47,621,962** | **33,924,241** | **26,567,229** |

The Group has entered into service concession arrangements with the government of the People's Republic of China to construct and operate waste water treatment plants for a period ranging from 23 to 25 years. The terms of arrangement allow the Group to maintain and manage these treatment plants and received consideration based on the water usage and rates as determined by the grantor for entire duration of the concession.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction and operating services.

## 25 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| **Deferred tax assets:** | | | | |
| - deferred tax assets to be recovered after more than 12 months | 682,017 | 654,786 | - | - |
| - deferred tax assets to be recovered within 12 months | 1,272,266 | 577,518 | - | - |
| | **1,954,283** | **1,232,304** | **-** | **-** |
| **Deferred tax liabilities:** | | | | |
| - deferred tax liabilities to be recovered after more than 12 months | (2,615,567) | - | - | - |
| - deferred tax liabilities to be recovered within 12 months | (3,256,411) | (144,037) | (93,462) | (85,108) |
| | **(5,871,978)** | **(144,037)** | **(93,462)** | **(85,108)** |
| **Deferred tax (liabilities)/assets (net)** | **(3,917,695)** | **1,088,267** | **(93,462)** | **(85,108)** |

## 25 DEFERRED TAX (cont'd)

The movements in deferred tax assets and liabilities of the Group and Company during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| At 1 February | 1,088,267 | 3,572,905 | (85,108) | - |
| (Charged)/credited to income statement (Notes 16 and 26): | | | | |
| - property, plant and equipment | (2,587,130) | (172,358) | (8,534) | (45,846) |
| - tax losses | 1,957,994 | (2,288,932) | - | (39,262) |
| - accruals | (1,056,457) | (222,372) | - | - |
| - others | (2,582,381) | 199,024 | - | - |
| | (4,267,974) | (2,484,638) | (8,534) | (85,108) |
| Currency translation difference | (32,312) | - | - | - |
| Disposal of a subsidiary (Note 6) | (450,584) | - | - | - |
| Reclassification to assets held-for-sale (Note 26(b)) | (255,092) | - | - | - |
| **At 31 January** | **(3,917,695)** | **1,088,267** | **(93,642)** | **(85,108)** |
| Subject to income tax: | | | | |
| Deferred tax assets (before offsetting) | | | | |
| - property, plant and equipment | 2,368,832 | 687,615 | - | - |
| - tax losses | 3,064,689 | 1,106,695 | - | - |
| - accruals | 34,448 | 1,090,905 | - | - |
| - others | 187,191 | 185,319 | - | - |
| | 5,655,160 | 3,070,534 | - | - |
| Disposal of a subsidiary (Note 6) | (450,584) | - | - | - |
| Reclassification to assets held-for-sale (Note 26(b)) | (287,815) | - | - | - |
| | 4,916,761 | 3,070,534 | - | - |
| Offsetting | (2,962,478) | (1,838,230) | - | - |
| **Deferred tax assets (after offsetting)** | **1,954,283** | **1,232,304** | **-** | **-** |
| Deferred tax liabilities (before offsetting) | | | | |
| - property, plant and equipment | (6,250,614) | (1,982,267) | (93,462) | (85,108) |
| - others | (2,584,253) | - | - | - |
| | (8,834,867) | (1,982,267) | (93,462) | (85,108) |
| Currency translation difference | (32,312) | - | - | - |
| Reclassification to assets held-for-sale (Note 26(b)) | 32,723 | - | - | - |
| | (8,834,456) | (1,982,267) | - | - |
| Offsetting | 2,962,478 | 1,838,230 | - | - |
| **Deferred tax liabilities (after offsetting)** | **(5,871,978)** | **(144,037)** | **(93,462)** | **(85,108)** |

## 25 DEFERRED TAX (cont'd)

The amount of deductible temporary differences, unutilised capital allowances, unutilised reinvestment allowances and unused tax losses (all of which have no expiry) for which no deferred tax asset is recognised in the statement of financial position are as follows:

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Capital allowances | 22,805,373 | 25,395,723 |
| Tax losses | 31,313,527 | 32,501,535 |
| | **54,118,900** | **57,897,258** |
| **Deferred tax assets not recognised at 25% (2011: 25%)** | **13,529,725** | **14,474,315** |

## 26 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

### (a) Discontinued operation

On 7 April 2011, the Company entered into a Conditional Sale and Purchase Agreement with Taisho Pharmaceutical Co. Ltd to dispose its entire equity interest in HOEPharma Holdings Sdn Bhd. The disposal was completed on 1 August 2011.

The financial information relating to the discontinued operation for the period up to the date of disposal is set out below:

#### (i) Results

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Revenue | 44,112,331 | 76,486,809 |
| Cost of sales | (13,637,204) | (25,141,088) |
| Gross profit | 30,475,127 | 51,345,721 |
| Other income | 99,390 | 500,211 |
| Selling and distribution expenses | (13,702,686) | (23,768,800) |
| Administrative expenses | (3,370,537) | (7,498,458) |
| Other losses | (679,034) | (1,970,305) |
| Operating profit | 12,822,260 | 18,608,369 |
| Finance income | 366,672 | 236,083 |
| Finance costs | (308,861) | (643,651) |
| Profit before taxation from discontinued operation | 12,880,071 | 18,200,801 |
| Taxation | (3,511,418) | (4,317,243) |
| Profit after taxation from discontinued operation | 9,368,653 | 13,883,558 |
| Gain on disposal of subsidiary (Note 6) | 221,227,484 | - |
| **Total gain from discontinued operation** | **230,596,137** | **13,883,558** |

## 26 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

### (a) Discontinued operation (cont'd)

#### (i) Results (cont'd)

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| **Revenue** | | |
| Sale of goods | 44,112,331 | 76,486,809 |
| **Cost of sales** | | |
| Cost of goods sold | 13,472,604 | 24,570,507 |
| Inventories written off | 164,600 | 570,581 |
| | **13,637,204** | **25,141,088** |
| **Other income** | | |
| Rental income | 58,740 | 484,506 |
| Sale of scrap | 9,690 | 13,205 |
| Insurance compensation | 24,460 | 2,500 |
| Discount received | 6,500 | - |
| | **99,390** | **500,211** |
| **Other gains/(losses)** | | |
| Foreign exchange losses: | | |
| - unrealised | (493,572) | (1,498,867) |
| - realised | (185,462) | (483,514) |
| Gain on disposal of property, plant and equipment | - | 12,076 |
| | **(679,034)** | **(1,970,305)** |
| **Operating profit** | | |
| The following items have been charged/(credited) in arriving at operating profit: | | |
| Advertising and promotional expenses | 4,750,260 | 7,340,054 |
| Reversal of impairment of trade and other receivables | (387,500) | (457,290) |
| Amortisation of investment properties | 50,460 | 100,920 |
| Auditors' remuneration | | |
| - PricewaterhouseCoopers Malaysia | - | 45,000 |
| - other auditors of a subsidiary | - | 12,601 |
| Employee benefits cost | 8,293,227 | 14,930,840 |
| Property, plant and equipment: | | |
| - depreciation | 1,138,128 | 2,152,011 |
| - written off | - | 1,322 |
| Rental of equipment | 114,746 | 221,829 |

## 26 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

### (a) Discontinued operation (cont'd)

#### (i) Results (cont'd)

| | Group | |
|---|---|---|
| | 2012 RM | 2011 RM |
| **Finance income and costs** | | |
| Interest expenses on: | | |
| - term loans | 126,728 | 263,810 |
| - hire-purchase and finance leases | 3,950 | 5,647 |
| - revolving credits | 177,498 | 369,194 |
| - commitment fees | 685 | 5,000 |
| **Total finance costs** | **308,861** | **643,651** |
| Finance income: | | |
| - interest income on deposits with licensed banks | 366,672 | 236,083 |
| **Total finance income** | **366,672** | **236,083** |
| **Net finance costs** | **(57,811)** | **407,568** |
| **Taxation** | | |
| Current tax: | | |
| - current year | 3,384,484 | 2,260,868 |
| Deferred tax (Note 25): | | |
| - origination and reversal of temporary differences | 126,934 | 2,070,827 |
| - over accrual in prior years | - | (14,452) |
| | **126,934** | **2,056,375** |
| **Tax expense** | **3,511,418** | **4,317,243** |

#### (ii) Cash flows

| | Group | |
|---|---|---|
| | 2012 RM | 2011 RM |
| Net cash from operating activities | 13,139,491 | 13,166,145 |
| Net cash used in investing activities | (2,377,755) | (2,204,777) |
| Net cash used in financing activities | (2,302,088) | (2,605,069) |
| | **8,459,648** | **8,356,299** |

## 26 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

### (b) Discontinuing operation

On 14 December 2011, the Company has accepted the offer from Trigoh Sdn Bhd ("Trigoh") for the proposed disposal of its entire equity interest in Macro Kiosk Berhad ("MKB"), representing 70% of the issued and paid-up share capital of MKB to Trigoh for a total consideration of RM15 million. The proposed disposal is subject to fulfilment of certain conditions precedent. However, these conditions precedent have not been fulfilled by Trigoh at the extended period to 29 February 2012.

Accordingly, the entire assets and liabilities of MKB and its subsidiaries are classified as a disposal group held for sale on the statement of financial position, and the entire results are presented separately on the income statements as "Discontinuing operation" in accordance with FRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The transaction is expected to be completed within 12 months from the end of the reporting period.

The financial information relating to the discontinuing operation are as follows:

#### (i) Results

| | Group | |
|---|---|---|
| | 2012 RM | 2011 RM |
| Revenue | 117,877,894 | 85,838,192 |
| Cost of sales | (91,449,963) | (64,263,877) |
| Gross profit | 26,427,931 | 21,574,315 |
| Other income | 5,152 | 139 |
| Selling and distribution expenses | (6,095,944) | (6,479,398) |
| Administrative expenses | (17,024,156) | (11,838,898) |
| Other expenses | - | (2,524) |
| Other gains/(losses) | 304,612 | (46,015) |
| Operating profit | 3,617,595 | 3,207,619 |
| Finance income | 97,159 | 38,237 |
| Finance costs | (254,374) | (218,805) |
| Profit before taxation from discontinuing operation | 3,460,380 | 3,027,051 |
| Taxation | (1,091,476) | (894,027) |
| **Profit after taxation from discontinuing operation** | **2,368,904** | **2,133,024** |

## 26 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

### (b) Discontinuing operation (cont'd)

#### (i) Results (cont'd)

| | Group | |
|---|---|---|
| | 2012<br>RM | 2011<br>RM |
| **Revenue** | | |
| Rendering of services | 117,877,894 | 85,838,192 |
| **Cost of sales** | | |
| Cost of goods sold | 89,751,706 | 58,775,303 |
| Depreciation of property, plant and equipment | 704,053 | 693,334 |
| Employee benefits cost | - | 643,662 |
| Amortisation of intangible assets | 994,204 | 1,869,778 |
| Impairment of intangible assets | - | 2,281,800 |
| | **91,449,963** | **64,263,877** |
| **Other income** | | |
| Miscellaneous income | 5,152 | 139 |
| **Other expenses** | | |
| Bad debts written off | - | 2,524 |
| **Other gains/(losses)** | | |
| Foreign exchange gains/(losses): | | |
| - unrealised | 44,865 | 31,342 |
| - realised | 144,314 | (77,357) |
| Gain on disposal of property, plant and equipment | 2,934 | - |
| Gain on disposal of investments | 112,499 | - |
| | **304,612** | **(46,015)** |
| **Operating profit** | | |
| The following items have been charged/(credited) in arriving at operating profit: | | |
| Advertising and promotional expenses | 3,875,130 | 2,946,921 |
| Impairment of trade and other receivables | 46,805 | 736,822 |
| Auditors' remuneration: | | |
| - PricewaterhouseCoopers, Malaysia | | |
| - current year | 65,200 | 46,000 |
| - Other auditors of subsidiaries | | |
| - current year | 66,067 | 57,068 |
| Employee benefits cost | 10,992,030 | 9,286,879 |
| Property, plant and equipment: | | |
| - depreciation | 634,062 | 515,017 |
| - written off | - | 3,907 |
| Rental expenses: | | |
| - equipment | - | 56,142 |
| - premises | 958,335 | 740,736 |
| Research and development expenses | 400,299 | 216,200 |

## 26 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

### (b) Discontinuing operation (cont'd)

#### (i) Results (cont'd)

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| **Finance income and costs** | | |
| Interest expenses on: | | |
| - hire-purchase and finance leases | 17,435 | 7,939 |
| - bank overdraft | - | 86 |
| - revolving credits | 226,921 | 200,785 |
| - commitment fees | 10,018 | 9,995 |
| **Total finance costs** | **254,374** | **218,805** |
| Finance income: | | |
| - interest income on deposits with licensed banks | 97,159 | 38,237 |
| **Total finance income** | **97,159** | **38,237** |
| **Net finance costs** | **157,215** | **180,568** |
| **Taxation** | | |
| Current tax: | | |
| - Malaysian tax | 33,105 | 36,808 |
| - Foreign tax | 693,460 | 506,199 |
| | 726,565 | 543,007 |
| Deferred tax (Note 25) | 364,911 | 351,020 |
| | **1,091,476** | **894,027** |
| Current tax: | | |
| - current year | 736,685 | 563,239 |
| - over accrual in prior years | (10,120) | (20,232) |
| | **726,565** | **543,007** |
| Deferred tax: | | |
| - origination and reversal of temporary differences | - | 631,259 |
| - under/(over) accrual in prior years | 364,911 | (280,239) |
| | **364,911** | **351,020** |
| | **1,091,476** | **894,027** |

#### (ii) Cash flows

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Net cash flow from operating activities | 9,917,060 | 7,521,341 |
| Net cash flow used in investing activities | (409,739) | (1,349,402) |
| Net cash flow used in financing activities | (479,233) | (140,012) |
| | **9,028,088** | **6,031,927** |

## 26 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

### (b) Discontinuing operation (cont'd)

**(iii) Details of the assets in the disposal group classified as held for sale at the end of the financial year are as follows:**

| | Group 2012 RM |
|---|---|
| Property, plant and equipment (Note 18) | 3,298,856 |
| Intangible assets (Note 20) | 1,308,889 |
| Deferred tax assets (Note 25) | 287,815 |
| Inventories | 9,132 |
| Trade and other receivables | 40,816,673 |
| Deposits, cash and bank balances | 19,086,164 |
| | **64,807,529** |

| | Company 2012 RM |
|---|---|
| Subsidiaries: | |
| - Investment in subsidiaries | 3,500,000 |
| - Advances to subsidiaries | 11,949,437 |
| | **15,449,437** |

**(iv) Details of the liabilities in the disposal group classified as held for sale at the end of the financial year are as follows:**

| | Group 2012 RM |
|---|---|
| Trade and other payables | 40,872,427 |
| Hire-purchase and finance lease payables | 536,179 |
| Deferred revenue | 80,389 |
| Current tax liabilities | 243,743 |
| Borrowings | 4,500,000 |
| Deferred tax liabilities (Note 25) | 32,723 |
| | **46,265,461** |

## 27 INVENTORIES

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| At cost: | | |
| Raw materials | 3,087,536 | 5,425,357 |
| Work-in-progress | 390,230 | 555,983 |
| Finished goods | 441,725 | 10,064,059 |
| Hotel operating supplies | 174,708 | 323,229 |
| | 4,094,199 | 16,368,628 |
| At net realisable value: | | |
| Finished goods | 538,561 | 2,235,532 |
| | **4,632,760** | **18,604,160** |

## 28 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group 2012 RM | Group 2011 RM | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|
| Quoted bonds outside Malaysia | 317,129 | 3,029,145 | 317,129 | 3,029,145 |
| Quoted shares outside Malaysia | 11,211,085 | - | 11,211,085 | - |
| | **11,528,214** | **3,029,145** | **11,528,214** | **3,029,145** |

Financial assets at fair value through profit or loss are presented within investing activities in the statements of cash flows.

The fair values of bonds are based on their current bid prices in an active market.

## 29 DERIVATIVE FINANCIAL ASSETS

| | Group 2012 RM | Group 2011 RM | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|
| Equity linked note | 2,976,597 | - | 2,976,597 | - |

The derivative financial assets are trading derivatives and classified as current assets.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

## 30 AMOUNT OWING FROM AN ASSOCIATE

The amount owing from an associate is denominated in Ringgit Malaysia, unsecured, interest free and repayable on demand.

## 31 TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Trade receivables | 25,514,394 | 75,832,167 | - | - |
| Less: Allowance for impairment of trade receivables | (2,725,381) | (10,870,840) | - | - |
| | **22,789,013** | **64,961,327** | **-** | **-** |
| Other receivables | 6,455,854 | 6,841,662 | 1,591,468 | 53,942 |
| Less: Allowance for impairment of other receivables | (2,701,707) | (4,429,543) | - | - |
| | **3,754,147** | **2,412,119** | **1,591,468** | **53,942** |
| Deposits | 1,258,374 | 2,003,169 | 4,880 | 7,350 |
| Prepayments | 1,730,732 | 9,758,052 | 175,346 | 174,038 |
| | **2,989,106** | **11,761,221** | **180,226** | **181,388** |
| **Total** | **29,532,266** | **79,134,667** | **1,771,694** | **235,330** |

As at 31 January 2012, the remaining sale consideration of USD664,670 (equivalent to RM2,503,926) (2011: equivalent to RM2,996,537) due from the purchaser of Rowille Investment Co. Ltd, a former subsidiary of the Company was included in other receivables of the Group. This amount was fully provided for in prior financial year.

Credit terms of trade receivables ranged from 7 to 120 days (2011: 7 to 120 days).

As at 31 January 2012, trade receivables of RM7,244,595 (2011: RM15,570,310) were past due but not impaired. These relate to a number of independent customers. No impairment has been made on these amounts as the Group is closely monitoring these receivables and is confident of their eventual recovery. The ageing of these trade receivables is as follows:

| | Group | |
|---|---|---|
| | 2012 RM | 2011 RM |
| Current receivables not due | 15,544,418 | 49,391,017 |
| Current receivables past due: | | |
| Less than 30 days | 3,791,023 | 8,419,087 |
| 31 to 60 days | 1,600,974 | 3,844,086 |
| 61 to 90 days | 993,957 | 1,520,929 |
| 91 to 180 days | 665,315 | 565,882 |
| More than 180 days | 193,326 | 1,220,326 |
| | **7,244,595** | **15,570,310** |

## 31 TRADE AND OTHER RECEIVABLES (cont'd)

As at 31 January 2012, trade receivables of RM2,725,381 (2011: RM10,870,840) were impaired and provided for. The individually impaired receivables mainly relate to retailers or distributors, which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

| | Group | |
|---|---|---|
| | 2012 RM | 2011 RM |
| 91 to 180 days | - | 14,547 |
| 181 to 365 days | 358,366 | 28,248 |
| More than 365 days | 2,367,015 | 10,828,045 |
| | **2,725,381** | **10,870,840** |

The carrying amounts of the Group's and the Company's trade and other receivables approximate their fair values.

Movement on the allowance for impairment of trade and other receivables is as follows:

| | Group | | | |
|---|---|---|---|---|
| | Trade receivables 2012 RM | Other receivables 2012 RM | Trade receivables 2011 RM | Other receivables 2011 RM |
| At 1 February | 10,870,840 | 4,429,543 | 11,927,480 | 3,603,316 |
| Allowance for impairment of receivables | 165,840 | - | 515,869 | 1,179,036 |
| Receivables written off during the financial year as uncollected | (18,037) | - | (380,201) | (34,251) |
| Unused amounts reversed | - | (492,611) | (991,750) | (264,407) |
| Currency translation differences | (11,096) | 7,316 | (200,558) | (54,151) |
| Disposal of a subsidiary | (7,376,035) | (165,703) | - | - |
| Reclassification to assets held for sale | (906,131) | (1,076,838) | - | - |
| **At 31 January** | **2,725,381** | **2,701,707** | **10,870,840** | **4,429,543** |

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group and the Company do not hold any collateral as security.

## 32 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Deposits with licensed banks | 138,527,175 | 12,869,783 | 130,102,374 | 310,711 |
| Short term investments with licensed bank | 147,881 | 686,968 | 147,881 | 686,968 |
| Cash and bank balances | 20,730,757 | 51,699,409 | 10,349,267 | 364,027 |
| Deposits, cash and bank balances | 159,405,813 | 65,256,160 | 140,599,522 | 1,361,706 |
| Less: Bank overdrafts (Note 38) | - | (187,357) | - | - |
| | 159,405,813 | 65,068,803 | 140,599,522 | 1,361,706 |
| Less: Deposits pledged as securities for borrowings | (1,290,000) | (1,290,000) | (300,000) | (300,000) |
| **Cash and cash equivalents** | **158,115,813** | **63,778,803** | **140,299,522** | **1,061,706** |

Bank balances are deposits held at call with licensed banks and earn no interest.

Included in the deposits, cash and bank balances of the Group and of the Company are deposits amounting to RM1,290,000 (2011: RM1,290,000) and RM300,000 (2011: RM300,000) respectively which have been placed in licensed banks as securities for secured interest bearing bank borrowings of the Group and of the Company (Note 38), and is not available for use by the Group and the Company.

Included in the short term investments with licensed bank of the Group and of the Company are US Dollar liquidity fund amounting to USD48,623 (equivalent to RM147,881) (2011: equivalent to RM686,968) which benchmarks against seven day USD London Interbank Bid Rate ("LIBID") and carries at no interest.

Fixed deposits with licensed banks of the Group and of the Company have an average maturity period of 5 days (2011: 12 days) and 2 days (2011: 24 days) respectively.

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 % | 2011 % | 2012 % | 2011 % |
| Interest rates during the financial year | | | | |
| Deposits with licensed banks | 2.72 – 3.68 | 0.21 – 2.88 | 2.72 – 3.68 | 2.00 – 2.75 |
| Short term investments with licensed bank | 0.40 – 4.98 | 0.05 – 4.98 | 0.40 – 4.98 | 0.05 – 4.98 |
| Weighted average effective interest rate as at 31 January | | | | |
| Deposits with licensed banks | 3.50 | 2.43 | 3.52 | 2.75 |
| Short term investments with licensed bank | - | - | - | - |

## 33 SHARE CAPITAL

| | Group and Company 2012 RM | 2011 RM |
|---|---|---|
| **Authorised** | | |
| Ordinary shares of RM1.00 each: | | |
| At beginning and end of the financial year | 1,000,000,000 | 1,000,000,000 |
| **Issued and fully paid** | | |
| Ordinary shares of RM1.00 each: | | |
| At 1 February | 609,680,556 | 486,711,745 |
| Issuance of shares under the Employee's Share Option Scheme (Note 33(a)) | 687,000 | 1,042,250 |
| Bonus issue | - | 121,926,561 |
| **At 31 January** | **610,367,556** | **609,680,556** |

### (a) Ordinary shares of RM1.00 each

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM609,680,556 to RM610,367,556 by way of the issuance of 687,000 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM1.00 to RM1.49 per option. The premium arising from the exercise of ESOS of RM124,025 has been credited to the Share Premium (Note 34).

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

### (b) Employees' Share Option Scheme ("ESOS")

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 21 December 2001 and became effective on 20 May 2002, for a period of five years, expired on 19 May 2007, in accordance with the ESOS By-Laws.

The Company's ESOS Committee and the Board of Directors had approved an extension of the ESOS for a further period of five (5) years from 20 May 2007 to 19 May 2012, to allow for additional time for the eligible employees and Directors to exercise the remaining unexercised options and to continue to motivate and reward existing employees of the Company.

The extended ESOS is implemented in accordance with the terms of the amended By-Laws of the Company which was approved at the Extraordinary General Meeting on 22 June 2005.

The main features of the ESOS are as follows:

(i) Eligible persons are employees and Directors of the Company and its subsidiaries who fall within the categories determined by the Company and must have been confirmed and served for at least two years in the employment of Goldis Group or the former Tan & Tan Group but subsequently employed by and on the payroll of any company comprised in the Goldis Group, as the case may be, on or prior to the date of offer.

(ii) The total number of new shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at the time of the offer during the existence of the ESOS.

(iii) The subscription price for each new share may be set at a discount of not more than 10% from the five-day weighted average price of the shares at the time the option is granted or any subscription price in accordance with any guidelines, rules and regulations of the relevant authorities governing the ESOS at the time of the offer. Notwithstanding this, the subscription price shall in no event be less than the nominal value of the shares.

## 33 SHARE CAPITAL (cont'd)

### (b) Employees' Share Option Scheme ("ESOS") (cont'd)

(iv) No option shall be granted for less than 100 shares nor more than the maximum allowable allotment.

(v) The number of shares under option or the subscription price or both, so far as the options remain unexercised, shall be adjusted following any variation in the issued share capital of the Company by way of capitalisation of profits or reserves, rights issue, reduction, subdivision or consolidation of capital.

(vi) Options granted under the ESOS carry no dividend or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(vii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company within the Group.

At an Extraordinary General Meeting held on 22 June 2005, the ESOS By-Laws were amended to approve the grant of options to Non-Executive Directors. On that date, the Directors were authorised to offer and grant options to the following Non-Executive Directors:

Datuk Tan Kim Leong @ Tan Chong Min
Pauline Tan Suat Ming
Tan Boon Lee
Daud Mah bin Abdullah @ Mah Siew Whye





Set out below are details of options over ordinary shares of the Company granted under the ESOS:

| | | Exercise price | Number of options over ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|---|---|
| Grant date | Expiry date* | RM/ share | At 1.2.2011 | Granted | Exercised | At 31.1.2012 |
| 2 February 2007 | 19 May 2012 | 1.00 | 2,250 | - | (2,250) | - |
| 1 June 2007 | 19 May 2012 | 1.16 | 44,750 | - | (44,750) | - |
| 23 April 2010 | 19 May 2012 | 1.00 | 426,500 | - | (401,500) | 25,000 |
| 19 July 2011 | 19 May 2012 | 1.49 | - | 340,000 | (238,500) | 101,500 |
| | | | **473,500** | **340,000** | **(687,000)** | **126,500** |

** The duration of the ESOS has been extended for a further period of five (5) years from 20 May 2007.*

| | 2012 | 2011 |
|---|---|---|
| Number of share options vested at the reporting date | 126,500 | 145,000 |

Share options outstanding at the end of the reporting period have the following expiry date and exercise prices:

| | Exercise price | Unit of shares | |
|---|---|---|---|
| Expiry date | RM/share | 2012 | 2011 |
| 19 May 2012 | 1.00 | 25,000 | 428,750 |
| 19 May 2012 | 1.16 | - | 44,750 |
| 19 May 2012 | 1.49 | 101,500 | - |
| | | **126,500** | **473,500** |

## 33 SHARE CAPITAL (cont'd)

### (b) Employees' Share Option Scheme ("ESOS") (cont'd)

The weighted average fair value of options granted during the financial year, determined using the binomial valuation model, range from RM0.22 to RM0.33 (2011: RM0.24 to RM0.33) per option. The significant inputs into the model are as follows:

| | 2012 | 2011 |
|---|---|---|
| Valuation assumptions: | | |
| Expected volatility | 29.17 | 32.10 |
| Expected dividend yield | 0.00% | 0.60% |
| Expected option life | 2.5 years | 2.5 years |
| Weighted average share price at date of grant (RM) | 1.78 | 1.20 |
| Risk free interest rate (per annum) | 3.30% | 4.58% |

The expected volatility was based on the statistical analysis of historical daily share prices over the previous 2.5 years.

## 34 SHARE PREMIUM

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>RM | 2011<br>RM | 2012<br>RM | 2011<br>RM |
| At 1 February: | | | | |
| As previously stated | 169,343,696 | 290,945,787 | 102,796,096 | 224,398,187 |
| Reclassification (Note 49) | (66,547,600) | (66,547,600) | - | - |
| As restated | 102,796,096 | 224,398,187 | 102,796,096 | 224,398,187 |
| Arising from exercise of ESOS (Note 33(a)) | 345,081 | 324,470 | 345,081 | 324,470 |
| Arising from bonus issue | - | (121,926,561) | - | (121,926,561) |
| **At 31 January** | **103,141,177** | **102,796,096** | **103,141,177** | **102,796,096** |

## 35 AVAILABLE-FOR-SALE RESERVE

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2012<br>RM | 2011<br>RM | 2012<br>RM | 2011<br>RM |
| At 1 February | | 3,765,838 | 1,308,844 | 3,350,637 | 930,732 |
| Net change in fair values | 23 | 5,499,081 | 2,456,994 | 5,501,630 | 2,419,905 |
| Transfer to profit or loss on disposal | 23 | (532,728) | - | (532,728) | - |
| **At 31 January** | | **8,732,191** | **3,765,838** | **8,319,539** | **3,350,637** |

## 36 RETAINED EARNINGS

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of the shareholders.

Subject to agreement by the Inland Revenue Board, the Company has tax exempt income to frank the payment of tax exempt dividends up to RM 126,120 (2011: RM15,376,760).

The Company has elected for the irrevocable option to disregard the section 108 credits. Hence, the Company will be able to distribute dividends out of its entire retained profits as at 31 January 2012 under the single-tier tax system.

## 37 HIRE-PURCHASE AND FINANCE LEASE PAYABLES

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Minimum payments: | | |
| - Payable within 1 year | 43,047 | 421,577 |
| - Payable between 1 and 5 years | 31,019 | 321,795 |
| | 74,066 | 743,372 |
| Less: Future finance charges | (4,689) | (42,231) |
| **Present value of liabilities** | **69,377** | **701,141** |
| Present value of liabilities: | | |
| Current | | |
| - Payable within 1 year | 39,773 | 405,315 |
| Non-current | | |
| - Payable between 1 and 5 years | 29,604 | 295,826 |
| | **69,377** | **701,141** |

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

The interest rates for the financial year ranged from 3.28% to 3.75% (2011: 0.99% to 3.75%) per annum. As at 31 January 2012, the effective interest rate applicable to the hire-purchase and finance lease payables was 3.66% (2011: 2.41%) per annum.

## 38 INTEREST BEARING BANK BORROWINGS

| | Note | Group 2012 RM | Group 2011 RM | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Secured: | | | | | |
| - Revolving credits | (a) | 99,367,419 | 166,621,640 | - | 16,150,000 |
| - Term loans | (b) | 30,279,200 | 34,689,216 | - | - |
| | | 129,646,619 | 201,310,856 | - | 16,150,000 |
| Unsecured: | | | | | |
| - Bankers' acceptances | | - | 6,165,075 | - | - |
| - Bank overdrafts | 32 | - | 187,357 | - | - |
| - Revolving credits | (a) | - | 13,500,000 | - | - |
| | | - | 19,852,432 | - | - |
| | | **129,646,619** | **221,163,288** | **-** | **16,150,000** |

## 38 INTEREST BEARING BANK BORROWINGS (cont'd)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2012 | 2011 | 2012 | 2011 |
| | Note | RM | RM | RM | RM |
| **Non-Current** | | | | | |
| Secured: | | | | | |
| **- Term loans** | **(b)** | **92,033,077** | **97,730,438** | **-** | **-** |
| **Total** | | | | | |
| - Bankers' acceptances | | - | 6,165,075 | - | - |
| - Bank overdrafts | 32 | - | 187,357 | - | - |
| - Revolving credits | (a) | 99,367,419 | 180,121,640 | - | 16,150,000 |
| - Term loans | (b) | 122,312,277 | 132,419,654 | - | - |
| | | **221,679,696** | **318,893,726** | **-** | **16,150,000** |

The interest rates per annum during the financial year and the weighted average effective interest rates per annum at the end of reporting date of the Group and of the Company for the above bank borrowings are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | % | % | % | % |
| Interest rates during the financial year: | | | | |
| Revolving credits | | | | |
| - unsecured | - | 2.84 – 4.83 | - | - |
| - secured | 1.35 – 5.30 | 1.35 – 5.30 | 3.12 – 4.57 | 3.48 – 4.37 |
| Term loans | | | | |
| - secured | 4.42 – 7.22 | 3.11 – 6.43 | - | - |
| Bankers' acceptances | | | | |
| - unsecured | - | 2.82 – 3.66 | - | - |
| Bank overdrafts | | | | |
| - unsecured | 7.20 – 7.50 | 6.45 – 7.20 | - | - |
| Weighted average effective interest rate as at 31 January: | | | | |
| Revolving credits | | | | |
| - unsecured | - | 4.00 | - | - |
| - secured | 5.06 | 4.57 | - | 4.39 |
| Term loans | | | | |
| - secured | 5.69 | 5.48 | - | - |
| Bankers' acceptances | | | | |
| - unsecured | - | 3.54 | - | - |
| Bank overdrafts | | | | |
| - unsecured | - | 7.20 | - | - |

## 38 INTEREST BEARING BANK BORROWINGS (cont'd)

**Contractual terms of borrowings**

| | Contractual interest rate (per annum) | Total carrying amount RM | Maturity profile <1 year RM | 1-2 year RM | 2-5 years RM | >5 years RM |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **At 31 January 2012** | | | | | | |
| **Secured** | | | | | | |
| Revolving credits | COF+1.25% | 1,460,000 | 1,460,000 | - | - | - |
| | LIBOR+1.10% | 7,907,419 | 7,907,419 | - | - | - |
| | 5.30% | 90,000,000 | 90,000,000 | - | - | - |
| Term loans | COF+1.25% | 3,199,477 | 1,166,400 | 1,166,400 | 866,677 | - |
| | BLR x 110% | 29,112,800 | 29,112,800 | - | - | - |
| | 5.30% | 90,000,000 | - | - | 90,000,000 | - |
| | | **221,679,696** | **129,646,619** | **1,166,400** | **90,866,677** | **-** |
| **At 31 January 2011** | | | | | | |
| **Secured** | | | | | | |
| Revolving credits | COF+1.10% | 57,100,000 | 57,100,000 | - | - | - |
| | COF+1.25% | 1,460,000 | 1,460,000 | - | - | - |
| | LIBOR+1.10% | 18,061,640 | 18,061,640 | - | - | - |
| | 5.30% | 90,000,000 | 90,000,000 | - | - | - |
| Term loans | COF+0.75% | 6,647,377 | 950,016 | 950,016 | 2,850,048 | 1,897,297 |
| | COF+1.25% | 3,199,477 | 1,166,400 | 1,166,400 | 866,677 | - |
| | BLR x 110% | 32,572,800 | 32,572,800 | - | - | - |
| | 5.30% | 90,000,000 | - | - | 90,000,000 | - |
| **Unsecured** | | | | | | |
| Bankers' | COF+0.5% | 3,530,000 | 3,530,000 | - | - | - |
| acceptances | COF+0.55% | 1,284,000 | 1,284,000 | - | - | - |
| | COF+0.7% | 1,351,075 | 1,351,075 | - | - | - |
| Bank overdrafts | BLR+0.9% | 187,357 | 187,357 | - | - | - |
| Revolving credits | COF+0.7% | 9,000,000 | 9,000,000 | - | - | - |
| | COF+1.5% | 4,500,000 | 4,500,000 | - | - | - |
| | | **318,893,726** | **221,163,288** | **2,116,416** | **93,716,725** | **1,897,297** |

## 38 INTEREST BEARING BANK BORROWINGS (cont'd)

**Contractual terms of borrowings (cont'd)**

| | Contractual interest rate (per annum) | Total carrying amount RM | Maturity profile <1 year RM |
|---|---|---|---|
| **Company** | | | |
| **At 31 January 2012** | | | |
| **Secured** | | | |
| Revolving credit | COF+1.10% | - | - |
| **At 31 January 2011** | | | |
| **Secured** | | | |
| Revolving credit | COF+1.10% | 16,150,000 | 16,150,000 |

(a) **Revolving credits**

The revolving credits of the Group are secured by way of:

(i) Fixed charge on the freehold land of a subsidiary together with the 30 storey commercial building constructed thereon (Note 18);

(ii) Fixed charge on 5 pieces of freehold agriculture lands of a subsidiary together with the buildings constructed thereon (Note 18); and

(iii) 82,700,000 ordinary shares of an associate (Note 22) pledged.

The revolving credit of the Company is secured by way of:

(i) 37,800,000 ordinary shares of an associate (Note 22) pledged; and

(ii) Fixed deposits amounting to RM300,000 placed with a licensed bank (Note 32).

(b) **Term loans**

The term loans of certain subsidiaries are secured by way of:

(i) Fixed charge on the buildings and plant and machinery of a subsidiary (Note 18);

(ii) Fixed charge on the freehold land of a subsidiary together with the 30 storey commercial building constructed thereon (Note 18); and

(iii) Fixed charge on 5 pieces of freehold agriculture lands of a subsidiary together with the buildings constructed thereon (Note 18).

In the previous financial year, term loan of a subsidiary was secured by way of a lien-holder's caveat over the investments properties (Note 19).

## 38 INTEREST BEARING BANK BORROWINGS (cont'd)

Fixed deposits amounting to RM1,290,000 (2011: RM1,290,000) was placed with a licensed bank as security for the Group's revolving credits and term loans (Note 32).

The Group and Company have the following undrawn borrowing facilities:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Floating rate: | | | | |
| - expiring within one year | 137,468,581 | 75,291,003 | 50,000,000 | 33,850,000 |
| - expiring more than one year | 300,523 | 300,523 | - | - |
| | **137,769,104** | **75,591,526** | **50,000,000** | **33,850,000** |

The facilities expiring within one year are annual facilities subject to review at various dates. The other facilities have been arranged to help finance the working capital of the Group and Company.

## 39 DEFERRED REVENUE

| | Group | |
|---|---|---|
| | 2012 RM | 2011 RM |
| **Current:** | | |
| Prepaid web-site maintenance fees | 1,591,900 | 1,219,451 |
| Prepaid short messaging services fees | - | 99,443 |
| Prepaid car park revenue | - | 32,450 |
| Prepaid lease rental | 584,407 | 1,301,949 |
| Prepaid gym subscription and personal training | 239,728 | 100,531 |
| | **2,416,035** | **2,753,824** |
| **Non-current:** | | |
| Government grants | 9,562,937 | 9,351,920 |
| **Total** | **11,978,972** | **12,105,744** |

Government grants relate to grants received by the Group from the Government of The People's Republic of China to construct its waste water treatment system and to subsidise the purchase of a leasehold land in China.

## 40 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM | 2011 RM | 2012 RM | 2011 RM |
| Trade payables | 14,113,752 | 23,030,281 | - | - |
| Other payables | 10,186,479 | 10,615,900 | 106,492 | 9,309 |
| Accruals | 12,053,841 | 30,671,959 | 418,659 | 468,949 |
| Deposits received | 13,175,597 | 7,551,708 | - | - |
| | **49,529,669** | **71,869,848** | **525,151** | **478,258** |

Included in other payables of the Group are amounts payable for the construction of a building of RM2,808,155 (2011: RM799,078) and retention sum of RM4,571,876 (2011: RM4,737,593).

Credit terms of trade payables ranged from 30 to 90 days (2011: 30 to 90 days).

## 41 ADVANCES FROM SUBSIDIARIES

The advances from subsidiaries are unsecured, interest free and have no fixed terms of repayment except for advances of RM10,000,000 in the previous financial year that bear interest rate at 3.2% per annum.

## 42 FINANCIAL GUARANTEE CONTRACT

| | Company | |
|---|---|---|
| | 2012<br>RM | 2011<br>RM |
| At 1 February | 86,031 | 86,031 |
| Finance income credited to the income statement (Note 15) | (28,677) | - |
| **At 31 January** | **57,354** | **86,031** |

The financial guarantee contract is the fair value of corporate guarantee given by the Company to its subsidiary on the interest bearing bank borrowings of a subsidiary.

## 43 DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 January 2011 were as follows:

| | Gross dividend per share<br>Sen | Amount of dividend, net of tax<br>RM |
|---|---|---|
| In respect of the financial year ended 31 January 2011: | | |
| First and final tax exempt dividend | 1.25 | 7,622,793 |
| In respect of the financial year ended 31 January 2012: | | |
| First interim tax exempt dividend | 1.25 | 7,627,847 |
| Second interim dividend, net of 25% tax | 0.50 | 2,288,879 |
| Second interim single tier dividend | 9.50 | 57,984,919 |
| | **12.50** | **75,524,438** |

The Directors do not recommend the payment of any final dividend for the financial year ended 31 January 2012.

## 44 NON-CANCELLABLE LEASE COMMITMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>RM | 2011<br>RM | 2012<br>RM | 2011<br>RM |
| Lease receivable: | | | | |
| - Not later than one year | 27,390,426 | 26,125,168 | - | - |
| - Later than one year and not later than five years | 26,223,504 | 33,566,003 | - | - |
| **At 31 January** | **53,613,930** | **59,691,171** | **-** | **-** |
| Lease payable: | | | | |
| - Not later than one year | 987,349 | 980,457 | 1,566,877 | 1,709,320 |
| - Later than one year and not later than five years | 503,180 | 673,344 | - | 1,566,877 |
| **At 31 January** | **1,490,529** | **1,653,801** | **1,566,877** | **3,276,197** |

## 45 CAPITAL COMMITMENTS

| | Group 2012 RM | Group 2011 RM |
|---|---|---|
| Approved and contracted for: | | |
| - Property, plant and equipment | 5,497,734 | 43,071,247 |
| Approved but not contracted for: | | |
| - Property, plant and equipment | 4,073,630 | 3,091,228 |
| | **9,571,364** | **46,162,475** |

## 46 SIGNIFICANT RELATED PARTY DISCLOSURES

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

Key management personnel of the Company are the Executive Director and senior management of the Company.

Key management compensation is as follows:

| | Group 2012 RM | Group 2011 RM | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|
| Wages, salaries and bonus | 3,567,040 | 4,624,723 | 1,265,980 | 1,187,453 |
| Defined contribution plan | 433,556 | 566,920 | 151,964 | 150,024 |
| Employees' share options | 93,276 | 24,758 | 93,276 | 24,758 |
| Fees | 15,000 | 12,000 | 15,000 | 12,000 |
| | **4,108,872** | **5,228,401** | **1,526,220** | **1,374,235** |
| **Estimated monetary value of benefits-in-kind** | **10,800** | **14,400** | **7,200** | **7,200** |

Included in the key management compensation is Executive Director's remuneration as disclosed in Note 13 to the financial statements.

Key management personnel of the Group and of the Company have been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (Note 33(b)) as follows:

| | | | Number of options over ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|---|---|
| Grant date | Expiry date* | Exercise price RM/ share | At 1.2.2011 | Granted | Exercised | At 31.1.2012 |
| **Financial year ended 31 January 2012** | | | | | | |
| 23 April 2010 | 19 May 2012 | 1.00 | 75,000 | - | (75,000) | - |
| 19 July 2011 | 19 May 2012 | 1.49 | - | 70,000 | (70,000) | - |
| | | | **75,000** | **70,000** | **(145,000)** | **-** |

## 46 SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

Key management personnel of the Group and of the Company have been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (Note 33(b)) as follows: (cont'd)

| Grant date | Expiry date* | Exercise price RM/ share | Number of options over ordinary shares of RM1.00 each At 1.2.2010 | Granted | Exercised | At 31.1.2011 |
|---|---|---|---|---|---|---|
| **Financial year ended 31 January 2011** | | | | | | |
| 28 July 2005 | 19 May 2012 | 1.00 | 600,000 | - | (600,000) | - |
| 2 February 2007 | 19 May 2012 | 1.00 | 12,000 | - | (12,000) | - |
| 23 April 2010 | 19 May 2012 | 1.00 | - | 115,000 | (40,000) | 75,000 |
| | | | **612,000** | **115,000** | **(652,000)** | **75,000** |

** The duration of the ESOS has been extended for a further period of five (5) years from 20 May 2007.*

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions agreed with the related parties.

| Related party | Relationship |
|---|---|
| IGB Corporation Berhad | Associate |
| Jeyaratnam & Chong | A company related to a Director |

The significant related party transactions during the financial year are as follows:

| | Group 2012 RM | Group 2011 RM | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|
| **Related parties (subsidiaries of IGB Corporation Berhad)** | | | | |
| Rental of premises: | | | | |
| - Tan & Tan Realty Sdn Bhd | 454,323 | 326,360 | - | - |
| - TTD Sdn Bhd | - | 100,335 | - | - |
| Rendering of services: | | | | |
| - TTD Sdn Bhd | - | 102,337 | - | - |
| - Mid Valley City Hotel Sdn Bhd | 366,150 | 371,316 | - | - |
| Professional fees payable to a company related to a Director: | | | | |
| - Jeyaratnam & Chong | 14,242 | 70,232 | 4,740 | 13,735 |
| **Transactions with associate** | | | | |
| IGB Corporation Berhad | | | | |
| - Rental of premises | 633,657 | 674,080 | - | - |
| - Rental income | 389,003 | 311,178 | - | - |
| - Rendering of services | 34,526 | 42,524 | - | - |
| - Dividend income | - | - | 28,801,866 | 9,533,731 |

## 46 SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

The significant related party transactions during the financial year are as follows: (cont'd)

| | Company 2012 RM | Company 2011 RM |
|---|---|---|
| **Transactions with subsidiaries** | | |
| Interest income from: | | |
| - Marco Kiosk Berhad | 608,571 | 465,984 |
| - GTower Sdn Bhd | 317,496 | 700,488 |
| - Macro Lynx Sdn Bhd | 162 | 3,320 |
| - Multistock Sdn Bhd | 512,651 | 470,558 |
| - OM3 Fish Services Sdn Bhd | - | 211,915 |
| - G Fish (Asia) Sdn Bhd | - | 66,833 |
| Management fee from: | | |
| - Macro Lynx Sdn Bhd | 60,000 | 96,000 |
| - Marco Kiosk Berhad | 48,000 | 48,000 |
| - GTower Sdn Bhd | 264,000 | 270,000 |
| - G Fish (Asia) Sdn Bhd | 48,000 | 48,000 |
| - HOEPharma Holdings Sdn Bhd | 24,000 | 48,000 |

As at 31 January 2012, there are no individually significant outstanding balances arising from the above related party transactions (other than normal trade transactions) during the financial year.

## 47 SIGNIFICANT NON-CASH TRANSACTIONS

The significant non-cash transactions during the financial year are as follow:

| | Group 2012 RM | Group 2011 RM | Company 2012 RM | Company 2011 RM |
|---|---|---|---|---|
| Acquisition of property, plant and equipment by means of hire-purchase and finance lease arrangements | - | 503,827 | - | - |
| Subscription of additional shares in a subsidiary by capitalisation of amount owing from subsidiary | - | - | 49,500,000 | - |

## 48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 7 April 2011, Goldis Berhad together with six individual shareholders of HOEPharma Holdings Sdn Bhd (collectively known as the "Vendors") entered into a conditional Sale and Purchase Agreement ("SPA") with Taisho Pharmaceutical Co. Ltd ("Taisho") to dispose off Vendors' 8,000,000 ordinary shares of RM1.00 each in HOEPharma Holdings Sdn Bhd ("HPH"), to Taisho for a total cash consideration of RM370 million subject to the purchase price adjustment provisions as set out in the SPA. The proposed disposal had been completed on 1 August 2011 and HPH ceased to be a subsidiary of Goldis Berhad. Refer to Note 26 for details.

(b) On 14 December 2011, the Company has accepted the offer from Trigoh Sdn Bhd ("Trigoh") for the proposed disposal of its entire equity interest in Macro Kiosk Berhad ("MKB"), representing 70% of the issued and paid-up share capital of MKB to Trigoh for a total consideration of RM15 million. The proposed disposal is subject to fulfilment of certain conditions precedent. However, these conditions precedent have not been fulfilled by Trigoh at the extended period to 29 February 2012.

Accordingly, the entire assets and liabilities of MKB and its subsidiaries are classified as a disposal group held for sale on the statement of financial position, and the entire results are presented separately on the income statements as "Discontinuing operation" in accordance with FRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The transaction is expected to be completed within 12 months from the end of the reporting period.

## 49 RESTATEMENT OF COMPARATIVES

Certain comparatives have been restated due to adoption of IC Interpretation 12 "Service Concession Arrangements" (IC 12) and reclassified to reflect the substance of the transaction.

**Impact of the Group's statement of financial position**

| | As previously reported RM | Adoption of IC 12 (i) RM | Reclassi-fication (ii) RM | As restated RM |
|---|---|---|---|---|
| **As at 31 January 2011** | | | | |
| Property, plant and equipment | 450,117,640 | (32,329,714) | - | 417,787,926 |
| Intangible assets | 4,736,583 | (1,594,527) | - | 3,142,056 |
| Concession receivables: | | | | |
| - Non-current | - | 27,240,655 | - | 27,240,655 |
| - Current | - | 6,683,586 | - | 6,683,586 |
| Irredeemable Convertible Non-Cumulative Preference Shares | 3,500,000 | - | (3,500,000) | - |
| Share Premium | 169,343,696 | - | (66,547,600) | 102,796,096 |
| Non-controlling interests | 18,581,264 | - | 70,047,600 | 88,628,864 |
| **As at 31 January 2010** | | | | |
| Property, plant and equipment | 430,510,942 | (24,886,611) | - | 405,624,331 |
| Intangible assets | 10,879,951 | (1,680,618) | - | 9,199,333 |
| Concession receivables: | | | | |
| - Non-current | - | 19,381,462 | - | 19,381,462 |
| - Current | - | 7,185,767 | - | 7,185,767 |
| Irredeemable Convertible Non-Cumulative Preference Shares | 3,500,000 | - | (3,500,000) | - |
| Share Premium | 290,945,787 | - | (66,547,600) | 224,398,187 |
| Non-controlling interests | 18,270,133 | - | 70,047,600 | 88,317,733 |

## 49 RESTATEMENT OF COMPARATIVES (cont'd)

### Impact of the Group's statement of financial position (cont'd)

*(i)* *This interpretation applies to contractual agreements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public services. Some contractual terms may give rise to both a financial asset and an intangible asset.*

*Based on the contractual terms, the Group has accounted for its waste water treatment concession arrangements in China as concession receivables (financial assets) as it has unconditional contractual right to receive cash.*

*The change in accounting policy has been applied retrospectively in accordance with the transitional provision in IC 12 and comparatives have been restated accordingly.*

*(ii)* *This is in relation to Irredeemable Convertible Non-Cumulative Preference Shares issued in prior years that has been reclassified to non-controlling interests to reflect the substance of the transaction.*

## 50 DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The following analysis of realised and unrealised retained profits at the legal entity level is 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 Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>RM | 2011<br>RM | 2012<br>RM | 2011<br>RM |
| Total retained profits of the Company and its subsidiaries: | | | | |
| - Realised | 325,663,095 | 63,765,823 | 243,802,137 | 32,349,347 |
| - Unrealised | (3,479,046) | 6,584,982 | (103,004) | (209,068) |
| | **322,184,049** | **70,350,805** | **243,699,133** | **32,140,279** |
| Total share of retained profits from associates | | | | |
| - Realised | 405,711,140 | 338,822,301 | - | - |
| - Unrealised | (38,081,239) | (22,472,197) | - | - |
| | 367,629,901 | 316,350,104 | - | - |
| Add: Consolidation adjustments | (43,874,585) | 128,469 | - | - |
| **Total retained profits** | **645,939,365** | **386,829,378** | **243,699,133** | **32,140,279** |

## Statement By Directors
Pursuant To Section 169(15) Of The Companies Act, 1965

We, Tan Lei Cheng and Tan Boon Lee, being two of the Directors of Goldis Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 36 to 133 are drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and 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 of 31 January 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 50 to the financial statements 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 Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Board of Directors dated 9 May 2012.

**TAN LEI CHENG**
DIRECTOR

**TAN BOON LEE**
DIRECTOR



## Statutory Declaration
Pursuant To Section 169(16) Of The Companies Act, 1965

I, Leong Kok Chi, the officer primarily responsible for the financial management of Goldis Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 133 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**LEONG KOK CHI**

Subscribed and solemnly declared by the abovenamed Leong Kok Chi, at Kuala Lumpur, on 9 May 2012, before me.

**COMMISSIONER FOR OATHS**

Kuala Lumpur

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Goldis Berhad on pages 36 to 132, which comprise the statements of financial position as at 31 January 2012 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 49.

### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Company'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 Company'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 have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2012 and of their financial performance and cash flows for the year then ended.

## 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 21 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

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

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 50 on page 133 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

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



**PRICEWATERHOUSECOOPERS**
(No. AF: 1146)
Chartered Accountants

**SHIRLEY GOH**
(No. 1778/08/12 (J))
Chartered Accountant

Kuala Lumpur
9 May 2012

| Location | Tenure | Land Area | Description/ Existing use | Age of Building Years | Net Book Value RM'000 | % Owned By the Group | Date of acquisition |
|---|---|---|---|---|---|---|---|
| **Properties held by the company and its subsidiaries** | | | | | | | |
| *Commercial Properties* | | | | | | | |
| 199, Jalan Tun Razak, Kuala Lumpur, Malaysia. | Freehold | 1.95 acres | 30 storey commercial building with 573,000sf office space and 180 hotel rooms at GTower | 3 | 273,395 | 80 | 31/1/2002 |
| Lot No 3981, Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban. | Freehold | 6.72 acres | 1 double storey office building, 1 double storey facility building, 2 single storey factory building | 11 | 9,328 | 100 | 19/12/2002 |
| Lot 297 and 521 to 528, Mukim Buloh Telor, Daerah Hulu Selangor, Negeri Selangor Darul Ehsan, Malaysia. | Freehold | 7.97 acres | Agriculture land and 1 single storey building for fish farming & facilities building | 4 | 3,340 | 90 | 24/9/2007 |
| Lot W-26, Yang-Wang-Kong Road North, Shi-Ge-Zhuang Town, Wuqing District, Tianjin, People's Republic of China. | 50 years commencing 28 June 2007 | 16.47 acres | Industrial land with 3 single storey office building, 3 factories and a single storey ancillary building | 5 | 10,667 | 80 | 6/9/2007 |

## SHARE CAPITAL

| | | |
|---|---|---|
| Authorised Share Capital | : | RM1,000,000,000 |
| Issued and Paid-up Share Capital | : | RM610,464,056 |
| Type of shares | : | Ordinary shares of RM1.00 each |

## DISTRIBUTION OF SHAREHOLDINGS

| Range of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| Less than 100 | 138 | 4.34 | 4,233 | 0.00 |
| 100 to 1,000 | 91 | 2.86 | 50,554 | 0.01 |
| 1,001 to 10,000 | 2,486 | 78.23 | 8,405,889 | 1.38 |
| 10,001 to 100,000 | 374 | 11.77 | 10,842,076 | 1.78 |
| 100,001 to less than 5% of issued capital | 84 | 2.64 | 250,921,408 | 41.10 |
| 5% and above of issued shares | 5 | 0.16 | 340,239,896 | 55.73 |
| Total | 3,178 | 100.00 | 610,464,056 | 100.00 |

## THIRTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares Held | % |
|---|---|---|---|
| 1 | Tan Chin Nam Sdn Bhd | 81,964,083 | 13.43 |
| 2 | Permodalan Nasional Berhad | 78,616,875 | 12.88 |
| 3 | HSBC Nominees (Asing) Sdn Bhd<br>Exempt an for Credit Suisse | 70,621,006 | 11.57 |
| 4 | Wah Seong (Malaya) Trading Co. Sdn Bhd | 63,261,292 | 10.36 |
| 5 | Tan Kim Yeow Sendirian Berhad | 45,776,640 | 7.50 |
| 6 | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt an for Citibank NA, Singapore | 25,730,625 | 4.21 |
| 7 | Affin Nominees (Asing) Sdn Bhd<br>UOB Kay Hian Pte Ltd for Far East Equity Ltd | 19,426,875 | 3.18 |
| 8 | Cimsec Nominees (Asing) Sdn Bhd<br>Exempt an for CIMB Securities (Singapore) Pte Ltd | 18,525,000 | 3.03 |
| 9 | Public Nominees (Tempatan) Sdn Bhd<br>Pledged securities account for Tan Chin Nam Sdn Bhd | 15,375,000 | 2.52 |
| 10 | Mayban Nominees (Asing) Sdn Bhd<br>DBS Bank for Ripley Services Limited | 14,388,750 | 2.36 |
| 11 | Wah Seong (Malaya) Trading Co. Sdn Bhd | 13,003,125 | 2.13 |
| 12 | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Maybank Kim Eng Securities Pte Ltd for Tan Kim Yeow Sendirian Berhad | 11,584,125 | 1.90 |

### THIRTY LARGEST SHAREHOLDERS (cont'd)

| No. | Name | No. of Shares Held | % |
|---|---|---|---|
| 13 | Wah Seong Enterprises Sdn Bhd | 10,588,257 | 1.73 |
| 14 | BBL Nominees (Tempatan) Sdn Bhd<br>Pledged securities account for Dato' Tan Chin Nam | 10,256,956 | 1.68 |
| 15 | BBL Nominees (Tempatan) Sdn Bhd<br>Pledged securities account for Tan Chin Nam Sdn Bhd | 9,562,500 | 1.57 |
| 16 | Mayban Nominees (Asing) Sdn Bhd<br>DBS Bank for Timbarra Services Limited | 8,875,975 | 1.45 |
| 17 | Tan Lei Cheng | 8,388,775 | 1.37 |
| 18 | Dato' Tan Chin Nam | 7,916,250 | 1.30 |
| 19 | Scanstell Sdn Bhd | 5,771,250 | 0.95 |
| 20 | Dato' Tan Chin Nam | 5,517,150 | 0.90 |
| 21 | Classlant Sdn Bhd | 4,663,125 | 0.76 |
| 22 | Tentang Emas Sdn Bhd | 4,588,125 | 0.75 |
| 23 | Richard Teh Lip Heong | 4,324,900 | 0.71 |
| 24 | Wah Seong Enterprises Sdn Bhd | 3,755,812 | 0.62 |
| 25 | BBL Nominees (Tempatan) Sdn Bhd<br>Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd | 3,750,000 | 0.61 |
| 26 | A.A. Anthony Securities Sdn Bhd | 3,750,000 | 0.61 |
| 27 | Dasar Mutiara (M) Sdn Bhd | 3,621,723 | 0.59 |
| 28 | Tan Boon Lee | 3,505,606 | 0.57 |
| 29 | Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd | 3,375,000 | 0.55 |
| 30 | Citigroup Nominees (Asing) Sdn Bhd<br>CBNY for Dimensional Emerging Markets Value Fund | 3,016,125 | 0.49 |

## SUBSTANTIAL SHAREHOLDERS
## (excluding bare trustees)

| Name | No. of Shares Held | | | |
|---|---|---|---|---|
| | Direct | % | Indirect | % |
| Tan Chin Nam Sdn Bhd | 107,089,083 | 17.54 | 113,614,360* | 18.61 |
| Permodalan Nasional Berhad | 78,616,875 | 12.88 | - | - |
| Wah Seong (Malaya) Trading Co. Sdn Bhd | 84,560,916 | 13.85 | 23,282,194* | 3.81 |
| Tan Kim Yeow Sendirian Berhad | 60,274,515 | 9.87 | 107,843,110* | 17.67 |
| Robert Tan Chung Meng | 1,398,350 | 0.23 | 168,117,625* | 27.54 |
| Pauline Tan Suat Ming | 757,186 | 0.12 | 168,117,625* | 27.54 |
| Tony Tan @ Choon Keat | - | - | 168,117,625* | 27.54 |
| Yayasan Pelaburan Bumiputera | - | - | 78,616,875* | 12.88 |
| Lee Hing Development Limited | - | - | 68,462,531* | 11.21 |
| Tan Boon Seng | 1,320,412 | 0.22 | 68,462,531* | 11.21 |
| Wang Tak Company Ltd | 58,754,700 | 9.62 | - | - |
| HSBC Holdings plc | - | - | 62,315,625* | 10.21 |

*Note:*
** Deemed interest pursuant to Sections 6A and 122A of the Companies Act, 1965.*

## STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATION

### The Company

| Name | Ordinary Shares of RM1.00 each | | | |
|---|---|---|---|---|
| | Direct | % | Indirect | % |
| Tan Lei Cheng | 8,388,775 | 1.37 | 3,640,473* | 0.60 |
| Datuk Tan Kim Leong @ Tan Chong Min | 375,000 | 0.06 | - | - |
| Pauline Tan Suat Ming | 757,186 | 0.12 | 168,117,625* | 27.54 |
| Tan Boon Lee | 3,818,731 | 0.63 | - | - |
| Daud Mah Bin Abdullah @ Mah Siew Whye | 93,750 | 0.02 | - | - |

*Note:*
**Deemed interest pursuant to Sections 6A and 122A of the Companies Act, 1965.*

### GTower Sdn Bhd

| Name | No. of ordinary shares of RM1.00 each | |
|---|---|---|
| | Direct | % |
| Tan Lei Cheng | 321,429 | 0.64 |
| Pauline Tan Suat Ming | 357,143 | 0.72 |
| Tan Boon Lee | 428,571 | 0.86 |

**GOLDIS BERHAD**
(515802-U)
(Incorporated in Malaysia)

**PROXY FORM**

| CDS account no. of authorized nominee [i] |
|---|
| |

I/We ______________________________ NRIC No/Company No.______________
of ________________________________________________________________
being a member(s) of Goldis Berhad, hereby appoint ______________________________
NRIC No/Company No ________________ of ______________________________
________________________________________________________________
and/or ______________________________ NRIC No/Company No. ______________
of ________________________________________________________________
or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at the Ampang Room, Mezzanine Floor, GTower, 199 Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 21 June 2012 at 3.30 p.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

| Ordinary Resolutions | | First Proxy | | Second Proxy | |
|---|---|---|---|---|---|
| | | For | Against | For | Against |
| 1. | Receipt of Financial Statements and Reports | | | | |
| 2. | Payment of Directors' fees | | | | |
| 3. | Re-election of Ms Tan Lei Cheng | | | | |
| 4. | Re-election of Encik Daud Mah Bin Abdullah | | | | |
| 5. | Re-appointment of Messrs PricewaterhouseCoopers | | | | |
| 6. | Re-appointment of Datuk Tan Kim Leong | | | | |
| 7. | Authorization for Directors to issue shares | | | | |
| 8. | Proposed Renewal of Shareholders' Mandate for the Company to Purchase its Own Shares | | | | |

Please indicate the manner in which you may wish your votes to be cast with an "X" in the appropriate spaces above. Unless voting instructions are specified therein, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this ____________ day of ______________ 2012

| For appointment of two proxies, percentage of shareholdings to be represented by the proxies: | | |
|---|---|---|
| | No. of shares | Percentage |
| Proxy 1 | | |
| Proxy 2 | | |
| Total | | 100% |

______________________________
Signature/Common Seal of Member

| No. of shares held |
|---|
| |

Tel No. : ____________________

*Notes:*

*(i) Applicable to shares held through a nominee account.*
*(ii) Only depositors whose names appear on the Record of Depository as at 15 June 2012 shall be entitled to attend, speak and vote at the meeting.*
*(iii) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and to vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
*(iv) Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
*(v) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
*(vi) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or if the appointer is a corporation, either under its common seal or under the hand of a duly authorized officer or attorney.*
*(vii) The Proxy Form shall be deposited at the Registered Office of the Company, Suite 28-03, Level 28, GTower, 199 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting*

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AFFIX STAMP

The Company Secretary
Goldis Berhad
Suite 28-03, Level 28, GTower
199, Jalan Tun Razak
50400 Kuala Lumpur

1st fold here

**Goldis Berhad** (515802-U)

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199 Jalan Tun Razak, 50400 Kuala Lumpur,
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