



SABAH, MALAYSIA

Warta Kerajaan

Diterbitkan dengan kuasa

Jil. LXX]

KOTA KINABALU, KHAMIS, 23 JULAI 2015

[No. 29

Kenyataan-kenyataan berikut adalah diterbitkan atas perintah Tuan Yang Terutama Yang di-Pertua Negeri untuk Makluman Umum.

TAN SRI DATUK SERI PANGLIMA HAJI SUKARTI BIN WAKIMAN,
Setiausaha Kerajaan Negeri.

No. 225

[No. KKT&P: 400-14/2 Jld. 5 (44)

**SIJIL KETUA AUDIT NEGARA MENGENAI PENYATA KEWANGAN
LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
BAGI TAHUN BERAKHIR 31 DISEMBER 2012**

Penyata Kewangan Lembaga Pembangunan Perumahan dan Bandar dan Kumpulan bagi tahun berakhir 31 Disember 2012 telah diaudit oleh wakil saya. Pihak pengurusan bertanggungjawab terhadap Penyata Kewangan ini. Tanggungjawab saya adalah mengaudit dan memberi pendapat terhadap Penyata Kewangan tersebut.

2. Pengauditan telah dilaksanakan mengikut Akta Audit 1957 dan berpandukan piawaian pengauditan yang diluluskan. Piawaian tersebut menghendaki pengauditan dirancang dan dilaksanakan untuk mendapat kepastian yang munasabah sama ada Penyata Kewangan adalah bebas daripada kesilapan atau ketinggalan yang ketara. Pengauditan itu termasuk memeriksa rekod secara semak uji, menyemak bukti yang menyokong angka dan memastikan pendedahan yang mencukupi dalam Penyata Kewangan. Penilaian juga dibuat terhadap prinsip perakaunan yang digunakan, keputusan signifikan dan persembahan Penyata Kewangan secara keseluruhan.

3. Pada pendapat saya Penyata Kewangan ini memberi gambaran yang benar dan saksama terhadap kedudukan kewangan Lembaga Pembangunan Perumahan dan Bandar dan Kumpulan pada 31 Disember 2012, hasil operasi dan aliran tunai untuk tahun tersebut berdasarkan piawaian perakaunan yang diluluskan.

4. Saya telah mempertimbangkan, Penyata Kewangan dan Laporan Juruaudit bagi semua subsidiari yang tidak diaudit oleh saya seperti yang dinyatakan dalam nota kepada Penyata Kewangan disatukan. Saya berpuas hati bahawa Penyata Kewangan berkenaan telah disatukan dengan Penyata Kewangan Lembaga Pembangunan Perumahan dan Bandar adalah dalam bentuk kandungan yang sesuai dan wajar bagi tujuan penyediaan Penyata Kewangan Disatukan. Saya juga telah menerima maklumat dan penjelasan yang memuaskan sebagaimana yang dikehendaki bagi tujuan tersebut.
5. Sijil ini hendaklah dibaca bersama Laporan Ketua Audit Negara tanpa menjejaskan pendapat saya.

PATIMAH BINTI RAMUJI,
b.p. Ketua Audit Negara,
Malaysia.

Kota Kinabalu.

Bertarikh: 20 September 2013.

LAPORAN KETUA AUDIT NEGARA MENGENAI PENYATA KEWANGAN
LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
BAGI TAHUN BERAKHIR 31 DISEMBER 2012

Laporan Ketua Audit Negara ini hendaklah dibaca bersama-sama dengan Sijil Ketua Audit Negara bagi menyokong pendapat Audit terhadap Penyata Kewangan tersebut.

2. Pemerhatian Audit terhadap Penyata Kewangan adalah seperti berikut:

2.1 *Hutang daripada Pengarah Syarikat Kuala Menggatal Development Corporation Sdn. Bhd. (KMDC)*

Laporan juruaudit terhadap Penyata Kewangan syarikat subsidiari KMDC Sdn. Bhd. pada 31 Disember 2012, terdapat amaun terhutang daripada Pengarah Syarikat berjumlah RM61,476. Perkara ini bertentangan dengan Seksyen 133, Akta Syarikat 1965 di mana syarikat tidak boleh memberikan pinjaman kepada Pengarah Syarikat.

2.2 *Usaha Berterusan Syarikat Superpanel (Sabah) Sdn. Bhd.*

Juruaudit bagi Superpanel (Sabah) Sdn. Bhd. telah melaporkan keupayaan berterusan bagi syarikat tersebut yang mempunyai lebihan liabiliti atas nilai asetnya sejumlah RM243,751. Kesenambungan operasi syarikat adalah bergantung pada sokongan kewangan yang diterima berterusan daripada Badan Induk.

PATIMAH BINTI RAMUJI,
b.p. Ketua Audit Negara,
Malaysia.

Kota Kinabalu.

Bertarikh: 20 September 2013.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)
AND ITS SUBSIDIARIES

STATEMENT BY THE CHAIRMAN AND GENERAL MANAGER

In our opinion, the financial statements set out on pages 1,174 to 1,193 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31st December, 2012 and of the results of its operations and cash flows for the year ended on that date.

On behalf of the Board,

DATUK RUBIN BALANG
(Chairman)

HAJJAH ROSNANI BINTI ASMAT
(Deputy General Manager)

Kota Kinabalu.

Date: 9th September, 2013.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)
AND ITS SUBSIDIARIES
STATUTORY DECLARATION

I, CHIN SU ME, the officer primarily responsible for the financial management of Lembaga Pembangunan Perumahan dan Bandar (Housing and Town Development Authority), do solemnly and sincerely declare that the financial statements set out on pages 1,174 to 1,208 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed CHIN SU ME at
Kota Kinabalu in the State of Sabah
on 9th September, 2013.

} CHIN SU ME

Before me,

DATUK CLAUDIUS ROMAN, J.P.,
Pesuruhjaya Sumpah,
Malaysia.

Kota Kinabalu.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

AND ITS SUBSIDIARIES

BALANCE SHEET AT 31ST DECEMBER, 2012

	Note	Group		Authority	
		2012 RM	2011 RM	2012 RM	2011 RM
PROPERTY, PLANT AND EQUIPMENT	3	19,529,977	21,754,491	12,686,079	14,860,422
INVESTMENTS IN SUBSIDIARIES ...	4	-	-	7,417,689	7,417,689
LAND HELD FOR PROPERTY DEVELOPMENT...	5	2,202,944	4,614,082	-	-
HOUSING DEBTORS ...	6	28,065,802	28,758,315	28,065,802	28,758,315
		49,798,723	55,126,888	48,169,570	51,036,426
CURRENT ASSETS					
Housing debtors ...	6	10,492,722	12,616,373	10,492,722	12,616,373
Inventories of unsold houses ...	7	9,592,299	20,258,235	9,592,299	19,581,545
Development properties ...	8	59,464,091	42,206,852	59,464,091	42,206,852
Trade receivables ...	8	5,624,675	19,876,394	-	-
Other receivables, deposits and prepayments ...	9	26,938,279	21,890,905	22,765,600	19,981,439
Amount due from subsidiaries ...	10	-	-	2,830,828	9,325,084
Amount due from a contract customer	11	1,991,977	2,229,000	-	-
Amount due from director ...	12	61,476	61,476	-	-
Tax recoverable ...	13	13,139	13,139	-	-
Fixed deposits ...		61,324,543	57,680,056	60,474,543	55,689,169
Cash and bank balances ...		2,475,556	7,844,263	2,146,103	7,448,603
		177,978,757	184,676,693	167,766,186	166,849,065

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

AND ITS SUBSIDIARIES

BALANCE SHEET AT 31ST DECEMBER, 2012 - (*samb.*)

	Note	Group			Authority	
		2012 RM	2011 RM	2012 RM	2011 RM	
CURRENT LIABILITIES						
Trade payables	14	10,343,831	20,369,289	7,262,988	8,111,935	
Other payables and accruals		62,876,289	66,674,444	56,497,424	61,255,837	
Amount due to contract customers	11	804,339	1,676,553	-	-	
Amount due to a director	12	-	400	-	-	
Provision	15	1,474,872	2,781,347	1,474,872	2,781,347	
Housing deposits		104,326	100,126	104,326	100,126	
Bank overdraft	16	701,245	747,013	-	-	
Hire purchase liabilities	17	-	24,413	-	-	
State Government loans	18	13,599,990	13,136,687	13,599,990	13,136,687	
Federal Government loans...	19	21,110,596	19,897,889	21,110,596	19,897,889	
Government trust funds	20	13,777,193	12,337,255	13,777,193	12,337,255	
Taxation		512,412	608,189	-	-	
		<u>125,305,093</u>	<u>138,353,605</u>	<u>113,827,389</u>	<u>117,621,076</u>	
NET CURRENT ASSETS		52,673,664	46,323,088	53,938,797	49,227,989	
		<u>102,472,387</u>	<u>101,449,976</u>	<u>102,108,367</u>	<u>100,264,415</u>	

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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BALANCE SHEET AT 31ST DECEMBER, 2012 - (*samb.*)

	Note	Group		Authority	
		2012 RM	2011 RM	2012 RM	2011 RM
FINANCED BY:					
ACCUMULATED FUNDS		76,069,692	69,445,298	75,699,364	68,255,689
Minority shareholder's interest ...	21	(6,308)	(4,048)	-	-
LONG TERM AND DEFERRED LIABILITIES					
State Government loans	18	13,409,400	18,424,087	13,409,400	18,424,087
Federal Government loans... ..	19	12,999,603	13,584,639	12,999,603	13,584,639
		26,409,003	32,008,726	26,409,003	32,008,726
		<u>102,472,387</u>	<u>101,449,976</u>	<u>102,108,367</u>	<u>100,264,415</u>

The financial statement were approved and authorised for issue by the Board Members on

The notes set out on pages 1,180 to 1,208 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

AND ITS SUBSIDIARIES

INCOME STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Note	Group		Authority	
		2012 RM	2011 RM	2012 RM	2011 RM
REVENUE ...	22	30,977,542	38,597,413	14,247,584	32,134,387
Cost of sales ...		(14,841,674)	(5,896,211)	-	-
GROSS PROFIT ...		16,135,868	32,701,202	14,247,584	32,134,387
Other operating income ...		11,884,919	12,658,103	10,943,624	12,248,167
Administrative expenses ...		(21,706,685)	(38,817,553)	(19,383,025)	(36,218,040)
OPERATING PROFIT ...	23	6,314,102	6,541,752	5,808,183	8,164,514
Interest income ...		2,845,576	2,892,909	2,845,576	2,892,909
Interest expense ...		(1,133,065)	(1,411,780)	(1,087,284)	(1,366,602)
PROFIT BEFORE TAXATION ...		8,026,613	8,022,881	7,566,475	9,690,821
Tax expense ...	24	(124,023)	(432,443)	(122,800)	(420,443)
PROFIT AFTER TAXATION ...		7,902,590	7,590,438	7,443,675	9,270,378
Minority interests ...		2,261	38,112	-	-
NET PROFIT OF THE YEAR ...		7,904,851	7,628,550	7,443,675	9,270,378

The notes set out on pages 1,180 to 1,208 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31ST DECEMBER, 2012

<i>Group</i>	<i>Accumulated funds</i> RM
At 1st January 2011	61,816,748
Net profit for the year	7,628,550
At 31st December 2011	<u>69,445,298</u>
Prior year adjustments	<u>(1,280,457)</u>
Restated balance	68,164,841
Net profit for the year	7,904,851
At 31st December 2012	<u><u>76,069,692</u></u>

The notes set out on pages 1,180 to 1,208 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31ST DECEMBER, 2012

<i>Authority</i>	<i>Accumulated funds</i> RM
At 1st January 2011	58,985,311
Net profit for the year	9,270,378
At 31st December 2011	<u>68,255,689</u>
Net profit for the year	7,443,675
At 31st December 2012	<u><u>75,699,364</u></u>

The notes set out on pages 1,180 to 1,208 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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CASH FLOW STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER, 2012

	Group		Authority	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	8,026,613	8,022,881	7,443,675	9,690,821
Adjustments for:				
Bad debts written off...	2,440	-	-	-
Dividend discharged...	-	-	600,000	-
Loss in disposal of property, plant and equipment	193,980	-	193,980	-
Depreciation	1,451,572	1,536,233	1,289,959	1,379,590
Gain on disposal of property, plant and equipment	(36,097)	(509,896)	(36,097)	(180,319)
Government loan converted to grant	(4,950,000)	(5,738,554)	(4,950,000)	(5,738,554)
Interest expense	1,133,065	1,411,780	1,087,284	1,366,602
Interest income	(2,932,466)	(2,973,268)	(2,845,576)	(2,892,909)
Waiver of liabilities	(769,971)	-	-	-
Operating profit before working capital changes (Increase)/Decrease in working capital:	2,119,136	1,749,176	2,783,225	3,625,231
Land held for property development	2,411,138	-	-	-
Housing debtors	2,816,164	(5,596,743)	2,816,164	(5,596,743)
Inventories of unsold houses	9,989,246	8,477,621	9,989,246	8,477,621
Development properties	(16,509,382)	(24,446,429)	(16,509,382)	(24,446,429)
Amount due from a contract customers	237,023	(578,626)	-	-

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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CASH FLOW STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER, 2012 - (cont.)

	Group		Authority	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES - (samb.)				
Amount due from subsidiaries	-	-	6,494,256	(389,314)
Trade and other receivables	9,260,201	(6,890,042)	(2,603,065)	(7,587,271)
Amount due to a contract customers	(872,214)	(432,244)	-	-
Trade and other payables	(14,685,402)	13,535,046	(7,358,977)	13,221,252
Cash used in operations	(5,358,113)	(14,182,241)	(4,388,533)	(12,695,653)
Interest paid	(106,054)	(105,432)	(60,998)	(60,254)
Income taxes refunded	15,917	-	-	-
Income tax paid	(428,753)	(481,025)	(331,753)	(404,000)
NET CASH USED IN OPERATING ACTIVITIES	(5,877,003)	(14,768,698)	(4,781,284)	(13,159,907)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	2,916,549	2,973,268	2,845,576	2,892,909
Proceeds from disposal of property, plant and equipment	161,100	799,755	161,100	199,755
Purchase of property, plant and equipment	(293,898)	(254,286)	(182,456)	(243,240)
NET CASH GENERATED FROM INVESTING ACTIVITIES	2,783,751	3,518,737	2,824,220	2,849,424

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CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST DECEMBER, 2012 - (cont.)

	<i>Group</i>		<i>Authority</i>	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest Paid	(725)	-	-	-
Drawdown of Government trust funds	1,439,938	3,220,803	1,439,938	3,220,803
Repayment of Government hire purchase	(24,413)	(108,379)	-	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,414,800	3,112,424	1,439,938	3,220,803
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,678,452)	(8,137,537)	(517,126)	(7,089,680)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	57,927,306	66,064,843	57,137,772	64,227,452
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	56,248,854	57,927,306	56,620,646	57,137,772
CASH AND CASH EQUIVALENTS COMPRISE:				
Cash and bank balances	2,475,556	7,844,263	4,646,734	7,448,603
Fixed deposits	61,324,543	57,680,056	60,474,543	55,689,169
<i>Less:</i> Deposits pledged	(6,850,000)	(6,850,000)	(6,000,000)	(6,000,000)
	54,474,543	50,830,056	54,474,543	57,137,772
Bank overdrafts	(701,245)	(747,013)	(2,500,631)	-
	56,248,854	57,927,306	56,620,646	57,137,772

The notes set out on pages 1,180 to 1,208 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)
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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012

1. PRINCIPAL ACTIVITIES

The Authority is a State-owned agency and is governed by the Housing and Town Development Authority Enactment, 1981. The principal activities of the Authority are to develop low cost housing and township projects, whilst the principal activities of the subsidiaries are stated in Note 4. There has been no significant change in the nature of these activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Authority and are consistent with those adopted in the previous years.

(a) *Basis of accounting*

The financial statements of the Group and the Authority are prepared on the historical cost basis and in compliance with applicable approved accounting standards in Malaysia.

(b) *Basis of consolidation*

Subsidiaries are those enterprise controlled by the Authority. Control exists when the authority has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between acquisition cost and the fair value of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the result unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any.

The Group revalues its property comprising land and building every 5 years and at

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont.)

shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carry value.

Surpluses arising from revaluation are dealt within the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active used and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

(d) *Depreciation*

The straight line method is used to write-off the cost of the following assets over the term of their estimated useful lives at the following principal annual rates:

Long term leasehold land	over 50 years
Buildings	2%
Motor vehicles	20%
Plant and machinery	20%
Office furniture, fittings and equipment	10% - 20%
Renovation	10%
Computer Software	20%

A long term leasehold land of the Group with an unexpired lease period of 75 years at year end is not amortised. The non-amortisation does not have a material effect on the financial statements.

(e) *Impairment*

The carrying amounts of the Group's assets, other than inventories and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont.)

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(f) Investment properties

Investment properties are treated as long term investments and are stated at cost. An allowances is made when the directors are of the view that there is a diminution in their value which is other than temporary.

(g) Development properties

Land and development expenditure whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle are classified as development properties. Development properties are stated at cost plus attributable profits less foreseeable losses, net of progress billings. Cost includes cost of land, all direct building cost, and other related development expenditure incurred during the period of development.

(h) Inventories of unsold houses

Inventories of unsold houses are stated at the lower of cost and net realisable value. Costs include apportioned land cost and development expenditure incurred.

(i) Revenue

(i) Property development

Profit from property development is recognised using the percentage of completion method. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

Profit from property development undertaken by another developer on the Group's and Authority's land is recognised using the percentage of completion method determined on the proportion of value of development units sold against total saleable value and is calculated based on the Group's and authority's entitlement on properties sold by the developer.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont.)

(ii) *Developed properties*

Profit on developed properties is recognised when transfer of risks and rewards has been completed.

(iii) *Privatised projects*

Profit on privatised projects is recognised on an accrual basis based on stipulated fixed schedule.

(iv) *Construction contracts*

Revenue from fixed price construction contracts is recognised on the percentage of completion method measured by reference to the percentage of contract costs incurred to date to estimated total contract costs.

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

An expected loss on a contract is recognised immediately in the income statement.

(v) *Rental income and net insurance commission*

Rental income is recognised on an accrual basis and net insurance commission is recognised when services are rendered.

(vi) *Interest income and net insurance commission*

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(vii) *Dividend Income*

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

(viii) *Project entitlement*

The entitlement, pursuant to the agreement entered with the joint venture partners, are recognised on accrual basis based on stipulated fixed schedule.

(j) *Interest on borrowings*

Interest on borrowings is charged against income and no part of the interest is treated as an inherent part of the total cost of property development.

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont.)

(k) *Provisions*

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

(i) *Provision for repairs and maintenance on completed projects*

Provision for repairs and maintenance is made at 5% of cost for low cost housing projects and 3% for all other projects upon their completion.

(l) *Employee benefits*

(i) *Short term benefits*

Wages, salaries, paid leave and sick leave, bonus and non-monetary benefits are recognised in the year in which associated services are rendered by employees of the Authority.

(ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred. Other retirement benefits are charged against income as and when paid.

(m) *Government trust funds*

Grants and Trust Funds received from the Federal and State Governments for the development of specific projects are utilised to meet the cost of developing those projects. At the completion of the project, any excess Trust Fund is refundable to the respective governments, while shortfalls are to be recovered and shown as a debit balance in the respective fund.

(n) *Investments*

Long term investments in subsidiaries are stated at cost in the Authority, less impairment loss where applicable.

(o) *Income tax*

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont.)

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(p) *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(q) *Land held for property development*

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Company's normal operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be within the Company's normal operating cycle of 2 to 3 years.

Cost of land held for property development comprised cost associated with the acquisition of land and all cost incurred subsequent to the acquisition but prior to reclassification to property development costs on activities necessary to prepare the land for its intended use.

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

(r) *Hire purchase liabilities*

The cost of property, plant and equipment acquired under hire purchase agreement is capitalised under property, plant and equipment and the corresponding obligations are taken up as liabilities. Hire purchase interest is taken up in the income statement on a sum-of-digits basis over the period of the hire purchase agreement.

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (*cont.*)

(s) *Amount due to contract customers*

Amount due to contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown under current liabilities as amount due to contract customers.

(t) *Receivables*

Receivables are carried at anticipated realisable value. Bad debts are duly written off. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end.

(u) *Payables*

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

3. PROPERTY, PLANT AND EQUIPMENT

<i>Group</i>	<i>Land and Building</i>		<i>Motor vehicles, Plant and Machinery</i>		<i>Office furniture, fittings and equipment, and renovation</i>		<i>Total</i>
	RM	RM	RM	RM	RM	RM	
<i>Cost/Valuation</i>							
At 1st January, 2012	21,861,823	4,760,747	5,305,106	31,927,676			
Additions	250	2,720	290,928	293,898			
Transfers	(1,477,293)	-	-	(1,477,293)			
Disposals	-	(733,473)	-	(733,473)			
At 31st December, 2012	20,384,780	4,029,994	5,596,034	30,010,808			
<i>Depreciation</i>							
At 1st January, 2012	3,764,232	2,916,321	3,492,632	10,173,185			
Charge for the year	279,210	699,679	472,683	1,451,572			
Transfers	(729,436)	-	-	(729,436)			
Disposals	-	(414,490)	-	(414,490)			
At 31st December, 2012	3,314,006	3,201,510	3,965,315	10,480,831			
<i>Net Book Value</i>							
At 31st December, 2012	17,070,774	828,484	1,630,719	19,529,977			
At 31st December, 2011	18,097,591	1,844,426	1,812,474	21,754,491			
Depreciation charge for the year ended 31 December 2011	312,967	805,737	417,529	1,536,233			

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

3. PROPERTY, PLANT AND EQUIPMENT - (*cont.*)
Land and buildings

<i>Group</i>	<i>At valuation</i> ←		<i>At cost</i> →		<i>Total</i>
	<i>Long term leasehold land</i>	<i>Long term leasehold land</i>	<i>Buildings</i>	<i>Buildings</i>	
	RM	RM	RM	RM	RM
<i>Cost/Valuation</i>					
At 1st January, 2012	-	11,423,515	10,438,308		21,861,823
Additions	-	250	-		250
Transfers	-	(25,615)	(1,451,678)		(1,477,293)
At 31st December, 2012	-	11,398,150	8,986,630		20,384,780
<i>Depreciation</i>					
At 1st January, 2012	-	520,231	3,244,001		3,764,232
Charge for the year	-	99,478	179,732		279,210
Transfers	-	(3,586)	(725,850)		(729,436)
At 31st December, 2012	-	616,123	2,697,883		3,314,006
<i>Net Book Value</i>					
At 31st December, 2012	-	10,782,027	6,288,747		17,070,774
At 31st December, 2011	-	10,903,284	7,194,307		18,097,591
Depreciation charge for the year ended 31 December 2011	4,225	104,201	208,766		312,967

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

3. PROPERTY, PLANT AND EQUIPMENT - (*cont.*)

	<i>Long term leasehold land</i>		<i>Buildings</i>		<i>Motor vehicles</i>		<i>Office furniture, fittings and equipment, and renovation</i>		<i>Total</i>
	RM	RM	RM	RM	RM	RM	RM	RM	
<i>Cost</i>									
At 1st January, 2012	...	4,966,936	10,438,308	4,010,007	4,474,119	23,889,370			
Additions	...	250	-	-	182,206	182,456			
Transfers	...	(25,615)	(1,451,678)	-	-	(1,477,293)			
Disposals	...	-	-	(733,473)	-	(733,473)			
At 31st December, 2012	...	4,941,571	8,986,630	3,276,534	4,656,325	21,861,060			
<i>Depreciation</i>									
At 1st January, 2012	...	513,173	3,244,001	2,286,037	2,985,737	9,028,948			
Charge for the year	...	98,836	179,732	618,124	393,267	1,289,959			
Transfers	...	(3,586)	(725,850)	-	-	(729,436)			
Disposals	...	-	-	(414,490)	-	(414,490)			
At 31st December, 2012	...	608,423	2,697,883	2,489,671	3,379,004	9,174,981			
<i>Net Book Value</i>									
At 31st December, 2012	...	4,333,148	6,288,747	786,863	1,277,321	12,686,079			
At 31st December, 2011	...	4,453,763	7,194,307	1,723,970	1,488,382	14,860,422			

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AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

3. PROPERTY, PLANT AND EQUIPMENT - (*cont.*)

	<i>Long term leasehold land</i>	<i>Buildings</i>	<i>Motor vehicles</i>	<i>Office furniture, fixtures and equipment, and renovation</i>	<i>Total</i>
	RM	RM	RM	RM	RM
Depreciation					
Charge for the year ended 31st December,					
2011	99,334	208,766	724,454	347,036	1,379,590

(a) Title to certain buildings of the Authority with cost of RM8,841,230 (2011 : RM8,841,230) has yet to be issued.

(b) Certain long term leasehold land of the Group and Authority are charged to financial institution as securities for banking facilities granted to contractors costing RM18,100,000 (2011 : RM18,100,000).

(c) Motor vehicles of the Group with net book value of RM90,050 (2011 : RM90,050) is acquired under hire purchase arrangement.

4. INVESTMENTS IN SUBSIDIARIES

	<i>Authority</i>	
	<i>2012 RM</i>	<i>2011 RM</i>
Unquoted shares at cost	10,006,030	10,006,030
Less: Allowance for diminution in value	(2,588,341)	(2,588,341)
	<u>RM7,417,689</u>	<u>RM7,417,689</u>

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

4. INVESTMENTS IN SUBSIDIARIES - (*cont.*)

The principal activities of the subsidiaries, their places of incorporation and the interest of Lembaga Pembangunan Perumahan dan Bandar are as follows:

<i>Name of Company</i>	<i>Principal Activities</i>	<i>Country of Incorporation</i>	<i>Effective Ownership Interests</i>	
			<i>2012 %</i>	<i>2011 %</i>
Kuala Mengatal Development Corporation Sdn. Bhd.	Property development	Malaysia	95	95
Supernesa Sdn. Bhd.	Construction work under contract and property development	Malaysia	100	100
Superpanel (Sabah) Sdn. Bhd.	Holding of properties for rental, provision of contract works and related services and insurance agency	Malaysia	100	100
5. LAND HELD FOR PROPERTY DEVELOPMENT				
Leasehold land, at cost	...	...	...	...
Development expenditure
			<i>Group</i>	
			<i>2012</i>	<i>2011</i>
			RM	RM
			1,528,824	3,736,009
			674,120	878,073
			<u>2,202,944</u>	<u>4,614,082</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

6. HOUSING DEBTORS

	<i>Group and Authority</i>	
	<i>2012</i>	<i>2011</i>
<i>Non-Current</i>	RM	RM
Low cost housing...	13,216,621	11,746,385
Low cost shophouses	715,472	1,037,633
Commercial housing	8,387,723	9,050,897
Commercial shophouses	921,640	1,517,873
Condominium/flats	4,824,346	5,405,527
	<u>28,065,802</u>	<u>28,758,315</u>
<i>Current</i>		
Low cost housing...	10,492,722	12,616,373
	<u>RM38,558,524</u>	<u>RM41,374,688</u>

7. INVENTORIES OF UNSOLD HOUSES

Group and Authority

Inventories of unsold houses of RM2,662,700 (2011 : RM10,001,280) are carried at net realisable value.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

8. TRADE RECEIVABLES

	<i>Group</i>	
	2012	2011
	RM	RM
Trade receivables	7,544,331	21,796,050
<i>Less:</i> Allowance for doubtful debts	(1,919,656)	(1,919,656)
	5,624,675	19,876,394

Included in trade receivables of the Group are retention monies of RM7,697,632 (2011 : RM7,697,632).

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>Group</i>		<i>Authority</i>	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables, deposits and prepayments	38,484,581	31,451,905	33,129,563	28,347,750
<i>Less:</i> Allowance for doubtful debts... ..	(11,546,302)	(9,561,000)	(10,363,963)	(8,366,311)
	RM26,938,279	RM21,890,905	RM22,765,600	RM19,981,439

Included in other receivables, deposits and prepayments of the Group and of the Authority are loans to employees amounting to RM14,009 (2011 : RM14,009).

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

10. AMOUNT DUE FROM SUBSIDIARIES

Authority

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

11. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	<i>Group</i>	
	2012	2011
	RM	RM
Contract cost incurred to date...	80,981,150	123,709,602
<i>Add:</i> Attributable profits	3,776,286	5,782,255
	<u>84,757,436</u>	<u>129,491,857</u>
<i>Less:</i> Progress billings ...	<u>(83,569,798)</u>	<u>(128,939,410)</u>
	<u>(1,187,638)</u>	<u>552,447</u>
Due from customer on contracts	1,991,977	2,229,000
Due to customer on contracts	(804,339)	(1,676,553)
	<u>1,187,638</u>	<u>552,447</u>

12. AMOUNT DUE FROM/(TO) A DIRECTOR

Group

The amount due from/(to) a director is unsecured, interest free and repayable on demand. The amount owing is to be settled in cash.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

13. FIXED DEPOSITS

	<i>Group</i>		<i>Authority</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	RM	RM	RM	RM
Deposits are placed with:				
Licensed banks	61,324,543	57,680,056	60,474,543	55,689,169
	<u>61,324,543</u>	<u>57,680,056</u>	<u>60,474,543</u>	<u>55,689,169</u>

Included in the fixed deposits are:

- (a) an amount of RM850,000 (2011: RM850,000) of the Group held under lien by licensed banks to secure the overdraft and bank guarantee facilities granted to the subsidiaries (see Note 16).
- (b) an amount of RM6,000,000 (2011: RM6,000,000) of the Group and of the Authority held on lien by a licensed bank for the overdraft facilities to the Authority

14. TRADE PAYABLES

Group and Authority

Included in trade payables of the Group and of the Authority is retention sum of RM11,163,179 (2011: RM11,163,179) and RM5,340,726 (2011: RM5,177,030) respectively.

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

15. PROVISION

Group and Authority	Repair and maintenance	
	2012	2011
	RM	RM
Balance at 1st January	2,781,347	3,577,387
Provision made during the year	-	376,685
Provision used during the year	(446,505)	(331,738)
Provision reversed during the year	(859,970)	(840,987)
Balance at 31st December	<u>RM1,474,872</u>	<u>RM2,781,347</u>

16. BANK OVERDRAFT

The bank overdraft of the Group bears interest rate at 1% (2011: 1%) above base lending rate per annum and is secured by way of fixed deposits of RM850,000 (2011: RM850,000) held on lien by a licensed bank. (see Note 13.)

17. HIRE PURCHASE LIABILITIES

Hire purchase liabilities of the Group is payable as follows:

Group	Payments		Interest		Principal		Payments		Interest		Principal	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Less than one year	-	-	-	-	-	-	25,138	24,413	725	725	-	-
Between one and five years	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,138</u>	<u>24,413</u>	<u>725</u>	<u>725</u>	<u>-</u>	<u>24,413</u>

The hire purchase facilities of the Group bear effective interest rate at 6.16% (2011: 6.16%) per annum. The hire purchase is guaranteed by one of the directors of the Group.

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NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER, 2012 - (cont.)

18. STATE GOVERNMENT LOANS

	<i>Group and Authority</i>	
	2012 RM	2011 RM
State Government loans - unsecured		
Current	13,599,990	13,136,687
Non-current	13,409,400	18,424,087
	<u>RM27,009,390</u>	<u>RM31,560,774</u>

Terms and debts repayment schedule
Group and Authority

	<i>Total</i> RM	<i>Under</i> <i>1 year</i> RM	<i>1 to 2</i> <i>years</i> RM	<i>2 to 5</i> <i>years</i> RM	<i>Over 5</i> <i>years</i> RM
2012					
Unsecured State Government loans - fixed rate 4%	<u>RM27,009,390</u>	<u>RM13,599,990</u>	<u>RM454,387</u>	<u>RM1,518,373</u>	<u>RM11,436,640</u>

2011

Unsecured State Government loans - fixed rate 4%	<u>RM31,560,774</u>	<u>RM13,136,687</u>	<u>RM610,180</u>	<u>RM1,980,926</u>	<u>RM15,832,981</u>
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State Government has agreed to convert the government loan to grant amounting to RM23,071,421. An amount of RM4,950,000 (2011 : RM15,738,554) has been converted during the financial year.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

19. FEDERAL GOVERNMENT LOANS

	<i>Group and Authority</i>	
	2012	2011
	RM	RM
Federal Government loans - unsecured		
Current	21,110,596	19,897,889
Non-current	12,999,603	13,584,639
	RM34,110,199	RM33,482,528

Terms and debts repayment schedule

The loans interest is payable as follows:

Loans for condominiums	...	...	...	...	4.0% to 7.5% per annum
Loans for all other housing projects	...	...	...	...	4.0% per annum

Group and Authority

	<i>Group and Authority</i>					
	2012					
	RM	Total	Under	1 to 2	Over 5	
		RM	1 year	years	years	
			RM	RM	RM	
Unsecured Federal Government loans	...	RM34,110,199	RM21,110,596	RM613,885	RM2,030,849	RM10,354,869
Unsecured Federal Government loans	...	RM33,482,528	RM19,897,889	RM585,036	RM1,934,547	RM11,065,056

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NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER, 2012 - (cont.)

20. GOVERNMENT TRUST FUNDS

	<i>Group and Authority</i>	
	<i>2012</i>	<i>2011</i>
	RM	RM
State Government Housing Fund	-	34,276
State Fund for New Township	-	1,273,944
State Government Subsidies Fund	2,102,601	2,677,918
State Government Agency Funds	1,610,412	3,138,460
State Revolving Fund (SPP)	10,064,180	5,212,657
	<u>RM13,777,193</u>	<u>RM12,337,255</u>

21. MINORITY SHAREHOLDERS' INTEREST

This consists of the minority shareholders' proportion of share capital and reserve of a subsidiary.

22. REVENUE

	<i>Group</i>		<i>Authority</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	RM	RM	RM	RM
Profit from privatised projects	13,835,536	33,339,074	13,835,536	33,339,074
Redemption of third party charge	(3,781,440)	-	(3,781,440)	-
Profit/(Losses) from sales of completed properties	4,193,488	(1,204,687)	4,193,488	(1,204,687)

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

22. REVENUE - (*cont.*)

	Group		Authority	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of properties and development land ...	16,003,127	6,427,459	-	-
Insurance commission income ...	-	29,215	-	-
Scrap metal commission ...	-	6,352	-	-
Contract income ...	501,904	-	-	-
Other commission ...	29,967	-	-	-
Project management fee ...	194,960	-	-	-
	<u>30,977,542</u>	<u>38,597,413</u>	<u>14,247,584</u>	<u>32,134,387</u>

23. OPERATING PROFIT

	Group		Authority	
	2012 RM	2011 RM	2012 RM	2011 RM
<i>Operating profit is arrived at after crediting:</i>				
Gain on disposal of property, plant and equipment ...	36,097	509,896	36,097	180,319
Government loan converted to grant ...	4,950,000	5,738,554	4,950,000	5,738,554
Interest income ...	2,932,466	2,973,268	2,845,576	2,892,909
Management fees ...	1,091,315	521,271	1,091,315	521,271
Rental income ...	3,575,291	3,759,390	3,575,291	3,759,390

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NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

23. OPERATING PROFIT - (*cont.*)

	Group		Authority	
	2012 RM	2011 RM	2012 RM	2011 RM
<i>and after charging:</i>				
Bad debts written off	2,440	-	-	-
Auditors' remuneration	18,000	34,265	-	18,265
Board members' remuneration				
- emoluments	381,700	245,150	302,500	245,150
- study tour	96,224	160,079	96,224	160,079
Depreciation	1,451,572	1,536,233	1,289,959	1,379,590
Dividend discharged	600,000	-	600,000	-
Loss on sale of motor vehicle	193,980	-	193,980	-
Directors' remuneration				
- fees	173,000	135,400	-	-
- Employees' Provident Fund contributions	3,900	7,200	-	-
- other emoluments	198,712	329,432	-	-
Interest expense	1,133,065	1,411,780	1,087,284	1,366,602
Rental expense	160,627	138,990	-	-

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER, 2012 - (cont.)

24. TAX EXPENSE

	Group		Authority	
	2012 RM	2011 RM	2012 RM	2011 RM
Current taxation				
- Current year	81,039	294,332	79,816	282,332
- Underprovision in previous year	42,984	138,111	42,984	138,111
	<u>124,023</u>	<u>432,443</u>	<u>122,800</u>	<u>420,443</u>
<i>Reconciliation of effective tax rate:</i>				
Profit before taxation	8,026,613	8,022,881	7,566,475	9,690,821
Income tax using Malaysia rate	1,981,514	2,051,126	1,891,619	2,422,705
Tax exempt income	(1,909,568)	(6,386,241)	(1,944,090)	(6,320,326)
Non-deductible expenses	28,518	4,528,815	185,342	4,346,628
Deferred tax assets not recognised	17,655	234,612	-	-
Effect of deferred tax benefit not recognised	15,975	32,695	-	-
Unabsorbed capital allowance now utilised	(53,055)	(166,675)	(53,055)	(166,675)
Under provision in previous year	42,984	138,111	42,984	138,111
Tax expense	<u>124,023</u>	<u>432,443</u>	<u>122,800</u>	<u>420,443</u>

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

24. TAX EXPENSE - (*cont.*)

No deferred tax assets has been recognised for the following items:-

	<i>Group and Authority</i>	
	<i>2012</i>	<i>2011</i>
	RM	RM
Unabsorbed capital allowances	394,900	351,500
Unutilised tax losses	4,973,500	3,734,500
	<u>5,368,400</u>	<u>4,086,000</u>

The deductible temporary differences, unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

25. EMPLOYEES INFORMATION

	<i>Group</i>		<i>Authority</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	RM	RM	RM	RM
Staff costs	13,540,510	12,619,711	12,512,946	11,369,735

Included in staff costs of the Group and of the Authority is Employees Provident Fund and other retirement benefits of RM1,151,464 (2011 : RM1,045,522) and RM1,057,426 (2011 : RM946,816).

The number of employees of the Group and of the Authority (excluding directors) at the end of the year was 212 (2011 : 220) and 186 (2011 : 190) respectively.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

26. LITIGATIONS

(a) In year 2008, a land owner has filed an application to the High Court for an injunction against the Group for spillage or deposit of earth-fill materials onto her land. According to the Consent Order dated 21st April, 2011, the plaintiff is entitled with a compensation of damaged on crops and reinforced concrete drainage outfall which amounting RM253,700 within six months from the date of Order. The Group shall also pay the Plaintiffs interest on the above said amount at 8% per annum from the date of the Order.

On 28th May, 2011, the Plaintiffs through their solicitor claim the Group cost incurred in the Notice of Taxation which amounting to RM52,295.50. On 3rd June, 2011, the Group had accepted total compensation of RM305,995.50 together with interest charged RM6,062.70 as the final compensation of damaged caused on plaintiff. Compensation of damaged had fully paid to plaintiff during 2011 except a balance of RM6,062.70. The Group has yet to account for the amount in its financial statements as at financial year end.

(b) In year 2009, a developer commenced legal action against the Group for breach of contract in regards to the sales and purchase of 6 parcels of land. The Group has filed its defense with the High Court. The date for the hearing has been fixed by the High Court on 25th and 26th April, 2011. The developer is claiming damages for RM5,185,000. Based on the judgement dated 19th August, 2011, the claim can only be effective upon the delivery of certain land titles by the same developer to the Group. The Group did not account for any such amount in its financial statements.

(c) On 16th August, 2010, two joint-venture sub-contractors filed a claim in regards to the monies for work done, variation expenses incurred and damages for termination of contract for RM13,177,207.06. The trial by the Kuala Lumpur Regional Centre for Arbitration was held on 2nd March, 2012. On 15th May, 2013, final award was given by the Arbitrator wherein the Group is ordered to pay the two joint-venture sub-contractors the sum of RM4,253,908.30 and costs to arbitrator in the sum of RM74,400 within 28 days of the final award, the Group did not account for any such amount in its financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

27. CONTINGENT LIABILITIES

- (a) The Group and the Authority has executed a third party charge over its development properties in favour of the financial institutions for banking facilities granted to developers and contractors amounting to RM154,292,541 (2011 : RM172,420,741).
- (b) On 29th January, 2013, a legal claim has been made against the Group for breach of contract by former scrap metal collection metal agent.

The agent is claiming unspecified damages, interest, cost and any relief that the High Court deems fit to grant.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

STATEMENT BY THE CHAIRMAN AND GENERAL MANAGER

In our opinion, the financial statements set out on pages 1,211 to 1,232 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31st December, 2012 and of the results of its operations and cash flows for the year ended on that date.

On behalf of the Board,

DATUK RUBIN BALANG
(Chairman)

HAJAH ROSNANI BINTI ASMAT
(General Manager)

Kota Kinabalu.

Date: 19th June, 2013.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

STATUTORY DECLARATION

I, CHIN SU ME, the officer primarily responsible for the financial management of Lembaga Pembangunan Perumahan dan Bandar (Housing and Town Development Authority), do solemnly and sincerely declare that the financial statements set out on pages 1,211 to 1,232 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed CHIN SU ME at
Kota Kinabalu in the State of Sabah
on 19th June, 2013.

} CHIN SU ME

Before me,

DATUK CLAUDIUS ROMAN, J.P.,
Pesuruhjaya Sumpah,
Malaysia.

Kota Kinabalu.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

BALANCE SHEET AT 31ST DECEMBER, 2012

	<i>Note</i>	2012 RM	2011 RM
PROPERTY, PLANT AND EQUIPMENT	3	12,686,079	14,860,422
INVESTMENTS IN SUBSIDIARIES ...	4	7,417,689	7,417,689
HOUSING DEBTORS	5	28,065,802	28,758,315
		<u>48,169,570</u>	<u>51,036,426</u>
CURRENT ASSETS			
Housing debtors	5	10,492,722	12,616,373
Inventories of unsold houses ...	6	9,592,299	19,581,545
Development properties		59,464,091	42,206,852
Other receivables, deposits and prepayments	7	22,765,600	19,981,439
Amount due from subsidiaries ...	8	2,830,828	9,325,084
Fixed deposits	9	60,474,543	55,689,169
Cash and bank balances		2,146,103	7,448,603
		<u>167,766,186</u>	<u>166,849,065</u>
CURRENT LIABILITIES			
Trade payables	10	7,262,988	8,111,935
Other payables and accruals ...		56,497,424	61,255,837
Provision	11	1,474,872	2,781,347
Housing deposits		104,326	100,126
State Government loans	12	13,599,990	13,136,687
Federal Government loans	13	21,110,596	19,897,889
Government trust funds	14	13,777,193	12,337,255
		<u>113,827,389</u>	<u>117,621,076</u>
NET CURRENT ASSETS		53,938,797	49,227,989
		<u>102,108,367</u>	<u>100,264,415</u>

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

BALANCE SHEET AT 31ST DECEMBER, 2012 - (cont.)

	<i>Note</i>	2012 RM	2011 RM
FINANCED BY:			
ACCUMULATED FUNDS		75,699,364	68,255,689
LONG TERM AND DEFERRED LIABILITIES			
State Government loans	12	13,409,400	18,424,087
Federal Government loans	13	12,999,603	13,584,639
		26,409,003	32,008,726
		102,108,367	100,264,415

The financial statements were approved and authorised for issue by the Board Members on The notes set out on pages 1,217 to 1,232 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

INCOME STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 - (cont.)

	<i>Note</i>	2012 RM	2011 RM
REVENUE	15	14,247,584	32,134,387
Cost of sales		-	-
GROSS PROFIT		14,247,584	32,134,387
Other operating income		10,943,624	12,248,167
Administrative expenses		(19,383,025)	(36,218,040)
OPERATING PROFIT	16	5,808,183	8,164,514
Interest income		2,845,576	2,892,909
Interest expense		(1,087,284)	(1,366,602)
PROFIT BEFORE TAXATION		7,566,475	9,690,821
Tax expense	17	(122,800)	(420,443)
NET PROFIT OF THE YEAR		<u>7,443,675</u>	<u>9,270,378</u>

The notes set out on pages 1,217 to 1,232 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2012

	<i>Accumulated funds</i> RM
At 1st January 2011	58,985,311
Net profit for the year	9,270,378
At 31st December 2011	<u>68,255,689</u>
Net profit for the year	7,443,675
At 31st December 2012	<u><u>75,699,364</u></u>

The notes set out on pages 1,217 to 1,232 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,566,475	9,690,821
Adjustments for:		
Depreciation	1,289,959	1,379,590
Dividend discharged	600,000	-
Interest expense	1,087,284	1,366,602
Loss in disposal of property, plant and equipment	193,980	-
Gain on disposal of property, plant and equipment	(36,097)	(180,319)
Interest income	(2,845,576)	(2,892,909)
Government loan converted to grant	(4,950,000)	(5,738,554)
Operating profit before working capital changes	2,906,025	3,625,231
(Increase)/Decrease in working capital:		
Housing debtors	2,816,164	(5,596,743)
Inventories of unsold houses	9,989,246	8,477,621
Development properties	(16,509,382)	(24,446,429)
Trade and other receivables	(2,725,865)	(7,587,271)
Amount due from subsidiaries	6,494,256	(389,314)
Trade and other payables	(7,358,977)	13,221,252
Cash used in operations	(4,388,533)	(12,695,653)
Interest paid	(60,998)	(60,254)
Income tax paid	(331,753)	(404,000)
NET CASH USED IN OPERATING ACTIVITIES	(4,781,284)	(13,159,907)

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012 - (cont.)

	2012 RM	2011 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,845,576	2,892,909
Proceeds from disposal of property, plant and equipment	161,100	199,755
Purchase of property, plant and equipment ...	(182,456)	(243,240)
CASH GENERATED FROM INVESTING ACTIVITIES...	2,824,220	2,849,424
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of Government trust funds	1,439,938	3,220,803
CASH GENERATED FROM FINANCING ACTIVITIES	1,439,938	3,220,803
Net decrease in cash and cash equivalents ...	(517,126)	(7,089,680)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	57,137,772	64,227,452
Cash and cash equivalents at end of the year ...	56,620,646	57,137,772
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	2,146,103	7,448,603
Fixed deposits	60,474,543	55,689,169
Less: Deposits pledged	(6,000,000)	(6,000,000)
	54,474,543	49,689,169
	56,620,646	57,137,772

The notes set out on pages 1,217 to 1,232 form an integral part of, and should be read in conjunction with, these financial statements.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012

1. PRINCIPAL ACTIVITIES

The Authority is a State-owned agency and is governed by the Housing and Town Development Authority Enactment, 1981. The principal activities of the Authority are to develop low cost housing and township projects, There has been no significant change in the nature of these activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Authority and are consistent with those adopted in the previous years.

(a) *Basis of accounting*

The financial statements of the Authority are prepared on the historical cost basis and in compliance with applicable approved accounting standards in Malaysia.

(b) *Property, plant and equipment*

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any.

(c) *Depreciation*

The straight line method is used to write off the cost of the following assets over the term of their estimated useful lives at the following principal annual rates:

Long term leasehold land	over 50 years
Buildings	2%
Motor vehicles	20%
Office furniture, fittings and equipment	10% - 20%
Renovation	10%
Computer Software	20%

(d) *Impairment*

The carrying amounts of the Authority's assets, other than inventories and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont.)

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(e) *Development properties*

Land and development expenditure whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle are classified as development properties. Development properties are stated at cost plus attributable profits less foreseeable losses, net of progress billings. Cost includes cost of land, all direct building cost, and other related development expenditure incurred during the period of development.

(f) *Inventories of unsold houses*

Inventories of unsold houses are stated at the lower of cost and net realisable value. Costs include apportioned land cost and development expenditure incurred.

(g) *Revenue*

(i) *Property development*

Profit from property development is recognised using the percentage of completion method. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

(ii) *Developed properties*

Profit on developed properties is recognised when transfer of risks and rewards has been completed.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont.)

(iii) *Privatised projects*

Profit on privatised projects is recognised on an accrual basis based on stipulated fixed schedule.

(iv) *Rental income*

Rental income is recognised on an accrual basis.

(v) *Interest income*

Interest income is recognised in the income statement as it accrues, taking into account effective yield on the asset.

(vi) *Dividend income*

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

(h) *Interest on borrowings*

Interest on borrowings is charged against income and no part of the interest is treated as an inherent part of the total cost of property development.

(i) *Provisions*

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

(i) *Provision for repairs and maintenance on completed projects*

Provision for repairs and maintenance is made at 5% of cost for low cost housing projects and 3% for all other projects upon their completion.

(j) *Employee benefits*

(i) *Short term benefits*

Wages, salaries, paid leave and sick leave, bonus and non-monetary benefits are recognised in the year in which associated services are rendered by employees of the Group and of the Authority.

(ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred. Other retirement benefits are charged against income as and when paid.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont.)

(k) *Government trust funds*

Grants and Trust Funds received from the Federal and State Governments for the development of specific projects are utilised to meet the cost of developing those projects. At the completion of the project, any excess Trust Fund is refundable to the respective governments, while shortfalls are to be recovered and shown as a debit balance in the respective fund.

(l) *Investments*

Long term investments in subsidiaries are stated at cost in the Authority, less impairment loss where applicable.

(m) *Taxation*

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(n) *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) *Receivables*

Receivables are carried at anticipated realisable value. Bad debts are duly written off. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end.

(p) *Payables*

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

3. PROPERTY, PLANT AND EQUIPMENT

	Long term leasehold land		Buildings		Motor vehicles		Office furniture, fittings and equipment, and renovation		Total
	RM	RM	RM	RM	RM	RM	RM	RM	
<i>Cost</i>									
At 1st January, 2012	4,966,936	10,438,308	4,010,007	4,474,119	23,889,370				
Additions	250	-	-	182,206	182,456				
Transfers	(25,615)	(1,451,678)	-	-	(1,474,293)				
Disposals	-	-	(733,473)	-	(733,473)				
At 31st December, 2012	4,941,571	8,986,630	3,276,534	4,656,325	21,861,060				
<i>Depreciation</i>									
At 1st January, 2012	513,173	3,244,001	2,286,037	2,985,737	9,028,948				
Charge for the year	98,836	179,732	618,124	393,267	1,289,959				
Transfers	(3,586)	(725,850)	-	-	(729,436)				
Disposals	-	-	(414,490)	-	(414,490)				
At 31st December, 2012	608,423	2,697,883	2,489,671	3,379,004	9,174,981				
<i>Net Book Value</i>									
At 31st December, 2012	4,333,148	6,288,747	786,863	1,277,321	12,686,079				
At 31st December, 2011	4,453,763	7,194,307	1,723,970	1,488,382	14,860,422				
<i>Depreciation</i>									
Charge for the year ended 31st December, 2011	99,334	208,766	724,454	347,036	1,379,590				

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

3. PROPERTY, PLANT AND EQUIPMENT - (*cont.*)

- (a) Title to certain buildings of the Authority with cost of RM8,841,230 (2011 : RM8,841,230) has yet to be issued.
- (b) Certain long term leasehold land of the Group and Authority are charged to financial institution as securities for banking facilities granted to contractors costing RM18,100,000 (2011 : RM18,100,000).

4. INVESTMENTS IN SUBSIDIARIES

	<i>Authority</i>	
	<i>2012</i>	<i>2011</i>
	RM	RM
Unquoted shares at cost	10,006,030	10,006,030
<i>Less: Allowance for diminution in value</i>	<i>(2,588,341)</i>	<i>(2,588,341)</i>
	RM7,417,689	RM7,417,689

The principal activities of the subsidiaries, their places of incorporation and the interest of Lembaga Pembangunan Perumahan dan Bandar are as follows:

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

4. INVESTMENTS IN SUBSIDIARIES - (*cont.*)

<i>Name of Company</i>	<i>Principal Activities</i>	<i>Country of Incorporation</i>	<i>Effective Ownership Interests</i>	
			<i>2012 %</i>	<i>2011 %</i>
Kuala Menggatal Development Corporation Sdn. Bhd.	Property Development	Malaysia	95	95
Supernesa Sdn. Bhd.	Construction work under contract and property development	Malaysia	100	100
Superpanel (Sabah) Sdn. Bhd.	Holding of properties for rental, provision of contract works and related services and insurance agency	Malaysia	100	100

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

5. HOUSING DEBTORS	2012	2011
<i>Non-Current</i>	RM	RM
Low cost housing...	13,216,621	11,746,385
Low cost shophouses	715,472	1,037,633
Commercial housing	8,387,723	9,050,897
Commercial shophouses	921,640	1,517,873
Condominium/flats	4,824,346	5,405,527
	<u>28,065,802</u>	<u>28,758,315</u>
<i>Current</i>		
Low cost housing...	10,492,722	12,616,373
	<u>RM38,558,524</u>	<u>RM41,374,688</u>

6. INVENTORIES OF UNSOLD HOUSES

Group and Authority

Inventories of unsold houses of RM2,662,700 (2011 : RM10,001,280) are carried at net realisable value.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

<i>Non-Current</i>	2012 RM	2011 RM
Other receivables, deposits and prepayments	33,129,563	28,347,750
Less: Allowance for doubtful debts	(10,363,963)	(8,366,311)
	<u>22,765,600</u>	<u>19,981,439</u>

Included in other receivables, deposits and prepayments of the Authority are loans to employees amounting to RM88,768 (2011 : RM14,009).

8. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

9. FIXED DEPOSITS

Deposits are placed with:	2012 RM	2011 RM
Licensed banks	60,474,543	55,689,169

Included in the fixed deposits is an amount of RM6,000,000 (2011 : RM6,000,000) of the Authority held on lien by a licensed bank for the overdraft facilities of the Authority.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

10. TRADE PAYABLES

Included in trade payables of the Authority is retention sum of RM5,340,726 (2011 : RM5,177,030).

11. PROVISION

	<i>Repair and maintenance</i> RM
Balance at 1st January, 2012	2,781,347
Provision made during the year	-
Provision used during the year	(446,505)
Provision reversed during the year	(859,970)
Balance at 31st December, 2012	RM1,474,872

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

12. STATE GOVERNMENT LOANS

	2012	2011
	RM	RM
State Government loans - unsecured		
Current	13,599,990	13,136,687
Non-current	13,409,400	18,424,087
	<u>RM27,009,390</u>	<u>RM31,560,774</u>

Terms and debts repayment schedule

	Total	Under	1 to 2	2 to 5	Over 5
	RM	1 year	years	years	years
	RM	RM	RM	RM	RM
2012					
Unsecured State Government loans - fixed rate 4%	<u>RM27,009,390</u>	<u>RM13,599,990</u>	<u>RM454,387</u>	<u>RM1,518,373</u>	<u>RM11,436,640</u>
2011					
Unsecured State Government loans - fixed rate 4%	<u>RM31,560,774</u>	<u>RM13,136,687</u>	<u>RM610,180</u>	<u>RM1,980,926</u>	<u>RM15,832,981</u>

State Government has agreed to convert the government loan to grant amounting to RM23,071,421. An amount of RM4,950,000 (2011 : RM5,738,554) has been converted during the financial year.

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

13. FEDERAL GOVERNMENT LOANS

	2012 RM	2011 RM
Federal Government loans - unsecured		
Current	21,110,596	19,897,889
Non-current	12,999,603	13,584,639
	<u>RM34,110,199</u>	<u>RM33,482,528</u>

Terms and debts repayment schedule

The loans interest is payable as follows:

Loans for condominiums	...	...	...	4.0% to 7.5% per annum
Loans for all other housing projects	...	...	...	4.0% per annum
	<i>Total</i>	<i>Under</i>	<i>1 to 2</i>	<i>Over 5</i>
	RM	<i>1 year</i>	<i>years</i>	<i>years</i>
		RM	RM	RM
2012				
Unsecured Federal Government loans	...	RM21,110,596	RM613,885	RM2,030,849
	<u>RM34,110,199</u>	<u>RM21,110,596</u>	<u>RM613,885</u>	<u>RM2,030,849</u>
2011				
Unsecured Federal Government loans	...	RM19,897,889	RM585,036	RM1,934,547
	<u>RM33,482,528</u>	<u>RM19,897,889</u>	<u>RM585,036</u>	<u>RM1,934,547</u>
	<u>RM33,482,528</u>	<u>RM11,065,056</u>	<u>RM11,065,056</u>	<u>RM11,065,056</u>

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

14. GOVERNMENT TRUST FUNDS

	2012 RM	2011 RM
State Government Housing Fund	-	34,276
State Fund for New Township	-	1,273,944
State Government Subsidies Fund	2,102,601	2,677,918
State Government Agency Funds	1,610,412	3,138,460
State Revolving Fund (SPP)	10,064,180	5,212,657
	<u>RM13,777,193</u>	<u>RM12,337,255</u>

15. REVENUE

	2012 RM	2011 RM
Profit from privatised projects	13,835,536	33,339,074
Redemption of third party charge	(3,781,440)	-
Profit/(Losses) from sales of completed properties	4,193,488	(1,204,687)
	<u>14,247,584</u>	<u>32,134,387</u>

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

	2012 RM	2011 RM
16. OPERATING PROFIT		
<i>Operating profit is arrived at after crediting:</i>		
Gain on disposal of property, plant and equipment	36,097	180,319
Management fees	1,091,315	521,271
Rental income	3,575,291	3,759,390
Government loan converted to grant	4,950,000	5,738,554
<i>and after charging:</i>		
Auditors' remuneration	-	18,265
Board members' remuneration		
- emoluments	381,700	245,150
- study tour	96,224	160,079
Depreciation	1,289,959	1,379,590
Dividend discharged	600,000	-
Loss on sale of motor vehicle	193,980	-

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (cont.)

17. TAX EXPENSE	2012 RM	2011 RM
Current tax expense	79,816	282,332
Taxation under provided in prior years	42,984	138,111
	<u>122,800</u>	<u>420,443</u>
<i>Reconciliation of effective tax rate:</i>		
Profit before taxation	7,566,475	9,690,821
Income tax using Malaysia tax rate	1,891,619	2,422,705
Tax exempt income	(1,944,090)	(6,320,326)
Non-deductible expenses - others	185,342	4,346,628
Unabsorbed capital allowance now utilised... ..	(53,055)	(166,675)
	<u>79,816</u>	<u>282,332</u>
Taxation under provided in prior year	42,984	138,111
Tax expense	<u>122,800</u>	<u>420,443</u>

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(*Housing and Town Development Authority*)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2012 - (*cont.*)

18. EMPLOYEES INFORMATION

	2012 RM	2011 RM
Staff costs	12,512,946	11,369,735

Included in staff costs of the Authority is Employees Provident Fund and other retirement benefits of RM1,057,426 (2011 : RM946,816).

The number of employees of the Authority (excluding directors) at the end of the year was 186 (2011 : 190) respectively.

19. CONTINGENT LIABILITIES

The Authority has executed a third party charge over its development properties in favour of the financial institutions for banking facilities granted to developers and contractors amounting to RM154,292,541 (2011 : RM172,420,741).

Lampiran A

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED
31ST DECEMBER, 2012

	2012 RM	2011 RM
INCOME		
<i>Revenue</i>		
Profit from privatised projects	13,835,536	33,339,074
Redemption of third party charge... ..	(3,781,440)	-
Profit/(Losses) from developed properties	4,193,488	(1,204,687)
	<u>14,247,584</u>	<u>32,134,387</u>
<i>Other Operating Income</i>		
Gain on disposal of property, plant and equipment	36,097	180,319
Management fees	1,091,315	521,271
Other income	1,290,921	2,048,633
Rental income	3,575,291	3,759,390
Government loan converted to grant	4,950,000	5,738,554
	<u>10,943,624</u>	<u>12,248,167</u>
<i>Interest Income</i>		
Interest charged to housing debtors	856,642	995,027
Interest on advances/loans to contractors	161,998	2,942
Interest on fixed deposits and current accounts	1,826,936	1,894,940
	<u>2,845,576</u>	<u>2,892,909</u>
	<u>28,036,784</u>	<u>47,275,463</u>
LESS: EXPENDITURE		
<i>Administrative Expenses</i>		
<i>Staff Costs</i>		
Education	78,159	48,758
Employees' Provident Fund contributions	586,744	522,738
Medical expenses (Board and Staff)	977,167	1,102,674
Others	4,090	9,959
Pension	470,682	424,078
Petrol and meal allowance	494,686	-
Salaries, allowance, overtime and bonus	9,734,347	8,988,541
SOCSO contributions	27,852	32,853
Welfare and recreation	139,219	240,134
	<u>12,512,946</u>	<u>11,369,735</u>

Lampiran A

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED
31ST DECEMBER, 2012 - (cont.)

	2012 RM	2011 RM
<i>Depreciation</i>		
Buildings	179,732	208,766
Long term leasehold land	98,836	99,334
Motor vehicles	618,124	724,454
Office furniture, fittings, equipment and renovation ...	393,267	347,036
	<u>1,289,959</u>	<u>1,379,590</u>
<i>Other Operating Expenses</i>		
Advertising and promotion	11,685	6,928
Auditors' remuneration	-	18,265
Bank charges	4,327	4,451
Board members' remuneration		
- other emoluments	381,700	245,150
- study tour	96,224	160,079
Dividend discharged... ..	600,000	-
Electricity and water	43,755	65,237
Insurance	301,684	225,759
Land premium and other charges	99,090	1,120,617
Loss on sales of motor vehicle	193,980	-
Provision for land premium	-	16,699,740
Other administrative and establishment expenses ...	720,515	672,351
Printing and stationery	161,119	135,341
Professional and consultancy fee	447,372	232,022
Rental and interest discharged	167,841	-
Repair and maintenance		
- general housing	1,414,152	2,828,821
- motor vehicle	133,666	138,843
- office, furniture and equipment	342,034	311,085
Telephone and postage	72,149	77,145
Travelling and accommodation	292,225	316,478
Vehicle running expenses	96,602	210,403
	<u>5,580,120</u>	<u>23,468,715</u>
	<u>19,383,025</u>	<u>36,218,040</u>

Lampiran A

LEMBAGA PEMBANGUNAN PERUMAHAN DAN BANDAR
(Housing and Town Development Authority)

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED
31ST DECEMBER, 2012 - (cont.)

	2012 RM	2011 RM
<i>Interest Expense</i>		
Interest on State and Federal loans	1,026,286	1,306,348
Interest on bank overdraft	60,998	60,254
	<u>1,087,284</u>	<u>1,366,602</u>
<i>Tax Expense</i>	122,800	420,443
	<u>20,593,109</u>	<u>38,005,084</u>
Net profit for the year... ..	<u>RM7,443,675</u>	<u>RM9,270,378</u>

Kadar langganan berikut bagi Warta Kerajaan Negeri Sabah yang berkuat kuasa mulai daripada 1 Januari 2015 adalah diterbitkan untuk makluman Umum:

KADAR LANGGANAN UNTUK TAHUN 2015

Warta Kerajaan termasuk tambahan-tambahan:- (Tidak termasuk Tambahan Tanda Perdagangan)

	RM
Langganan Tahunan di dalam Malaysia	120.00
Langganan Tahunan di luar Malaysia	180.00
Tambahan Tanda Perdagangan (untuk satu keluaran)	2.40
Sesuatu naskhah <i>Warta Kerajaan</i> , Tambahan-tambahan, Rang Undang-undang, Laporan Dewan Undangan Negeri, Pekeliling dan lain-lain.	
Tidak lebih daripada 8 muka	1.80
Tidak lebih 9 hingga 16 muka	2.40
Tidak lebih 17 hingga 32 muka	3.00
Tidak lebih 33 hingga 48 muka	3.60
Tidak lebih 49 hingga 64 muka	4.20
Tidak lebih 65 hingga 96 muka	5.40
Lebih daripada 96 muka	7.20

dan tambah
RM1.20
untuk setiap
32 muka
yang lebih.

Senaskhah Tahunan Tambahan Pertama dan Kedua serta indeks 2014 (dijilid dengan Kulit Keras) RM 42.00

Kadar-kadar di atas adalah termasuk belanja Pos biasa (mel laut).

Pengiriman Wang hendaklah dialamatkan kepada Pencetak Kerajaan, Jabatan Cetak Kerajaan, Kota Kinabalu, Sabah. Cek dan Wang Pos hendaklah dibuat pembayarannya kepada Pencetak Kerajaan, Jabatan Cetak Kerajaan, dan dipalang "& Co".

Untuk Makluman

- (1) Pelanggan bagi Warta Kerajaan Negeri dan terbitan-terbitan Kerajaan lain seperti Laporan Tahunan, Laporan Jabatan dan sebagainya hendaklah dialamatkan kepada Pencetak Kerajaan, Jabatan Cetak Kerajaan, Km. 4, Jalan Tuaran, Beg Berkunci 2004, 88554 Kota Kinabalu.
- (2) Pelanggan-pelanggan yang hendak mendapatkan Warta Kerajaan Persekutuan hendaklah memohon terus kepada Percetakan Nasional Malaysia Berhad, Jalan Chan Sow Lin, 50554 Kuala Lumpur.



DICETAK OLEH PENCETAK KERAJAAN,
DATUK HAJI SALSIDU BIN HAJI IBRAHIM, P.G.D.K., K.M.N., J.P., JABATAN CETAK KERAJAAN,
SABAH, MALAYSIA.
2015.