GuocoLand (Malaysia) Berhad (300-K)
Level 8, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
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GuocoLand (Malaysia) Berhad

ANNUAL REPORT **2011**

annual report **2011**

GuocoLand (Malaysia) Berhad (300–K)

A Member of the Hong Leong Group

GuocoLand (Malaysia) Berhad

GuocoLand (Malaysia) Berhad ("GLM") is a leading property developer in Malaysia and is a part of Singapore's GuocoLand Limited ("GLL"), the property arm of the Hong Leong Group. The multi-award winning GLL is a leading regional property player with established operations in China, Malaysia, Singapore and Vietnam.

Listed on the Main Market of Bursa Malaysia Securities Berhad, GLM, a subsidiary of GLL, has an established presence of over 50 years in property development and investment, and hotel operations in Malaysia. It has substantial landbank for residential and commercial development in Kuala Lumpur and prime locations in Greater Kuala Lumpur.

GLM's property projects include the Emerald master planned township in Rawang and prime residential and commercial developments in the Klang Valley – Bukit Rahman Putra, Commerce One and the flagship and soon to be launched Damansara City. GLM is also active in property investment via Tower Real Estate Investment Trust (Tower REIT), which owns high quality office buildings (Menara HLA, Menara ING and HP Towers) in Kuala Lumpur. GLM also owns Thistle Johor Bahru Hotel and Thistle Port Dickson Resort.

Contents

Corporate Information

DIRECTORS

YBhg Tan Sri Quek Leng Chan
Executive Chairman

Mr Yeow Wai Siaw
Managing Director

Mr Poh Yang Hong

YBhg Dato' Ong Joo Theam

Mr Tan Keok Yin

YBhg Dato' Chew Kong Seng

Mr Quek Chee Hoon

YBhg Tan Sri Nik Mohamed bin Nik Yaacob

SECRETARY

Ms Lim Yew Yoke

AUDITORS

Messrs Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-7495 8000
Fax : 03-2095 9076/78

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03-2164 1818
Fax : 03-2164 3703

REGISTERED OFFICE

Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03-2164 1818
Fax : 03-2164 2476

Directors' Profile

YBHG TAN SRI QUEK LENG CHAN
Executive Chairman/Non-Independent

Tan Sri Quek Leng Chan, aged 68, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom. He has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

Tan Sri Quek is the Executive Chairman of GuocoLand (Malaysia) Berhad ("GLM") and was appointed to the Board of Directors ("Board") of GLM on 16 June 1990. He does not sit on any committees of GLM.

He is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad, a public company; Executive Chairman of Hong Leong Industries Berhad and Narra Industries Berhad; Chairman of Hong Leong Financial Group Berhad, Hong Leong Bank Berhad and Hong Leong Capital Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"); Chairman of Hong Leong Assurance Berhad, Hong Leong Islamic Bank Berhad and Hong Leong Foundation; and a member of the Board of Trustees of The Community Chest, all public companies.

MR YEOW WAI SIAW

Managing Director/Non-Independent

Mr Yeow Wai Siaw, aged 46, a Malaysian, holds a MBA in Finance from the University of Hull, United Kingdom, a Mini-MBA from INSEAD and a Bachelor of Industrial Engineering from the University Technology of Malaysia. He has more than 20 years' working experience and has held key positions in various listed companies in Malaysia in the manufacturing and building industries. During his past career, he has also served as a management consultant in McKinsey & Company.

Mr Yeow was appointed as the Managing Director of GLM with effect from 16 June 2010. He does not sit on any committees of GLM.

He is a Director of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Securities.

MR POH YANG HONG

Non-Executive Director/Non-Independent

Mr Poh Yang Hong, aged 38, a Malaysian, graduated from Monash University, Melbourne, Australia with a Bachelor of Economics degree. He joined Hong Leong Group in 1994, holding various positions within the Hong Leong Group before assuming his current position as the Managing Director of Corporate & Private Equity Department, Group Investment Office of HL Management Co Sdn Bhd.

Mr Poh was appointed as the Managing Director of GLM with effect from 1 June 2008. He relinquished office as the Managing Director of GLM with effect from 16 June 2010 but remains as a Director of GLM. He does not sit on any committees of GLM.

Mr Poh is a Director of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Securities.

YBHG DATO' ONG JOO THEAM

Non-Executive Director/Non-Independent

Dato' Ong Joo Theam, aged 62, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom in February 1972 and the Malaysian Bar in September 1972. He is an advocate and solicitor and has been in legal practice for more than 30 years.

Dato' Ong was appointed to the Board of GLM on 26 August 1981 and he is a member of the Board Audit & Risk Management Committee of GLM.

MR TAN KEOK YIN

(Non-Executive Director/Independent)

Mr Tan Keok Yin, aged 67, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya in 1966. He also completed a Management Program at the University of California, Berkeley in 1984 and a Program in International Boards and Directors at the Swedish Academy of Directors, Stockholm in 1995. He worked in Bank Negara Malaysia from 1966-1977, during which period he was sent to assist the Penang State Government on economic and industrial planning and also to the Ministry of Trade and Industry on trade promotion. In 1977, he joined the Federation of Malaysian Manufacturers (FMM) as Deputy Director and was appointed Chief Executive Officer in 1981 till 1999. He served on various Government Boards and Committees and participated actively as speaker and panellist in the World Economic Forum, ASEAN Economic Cooperation meetings and other international business forums. He was also a Management Board member of GS1 (one Global System) located in Brussels, an international body that develops and promotes the GS1 standards of article numbering and bar coding and electronic communication worldwide.

Mr Tan was appointed to the Board of GLM on 26 September 2001 and he is the Chairman of the Board Audit & Risk Management Committee of GLM.

Mr Tan is a Director of Malaysian Pacific Industries Berhad, a company listed on the Main Market of Bursa Securities. He is also a Director of Hong Leong Assurance Berhad, a public company.

YBHG DATO' CHEW KONG SENG

Non-Executive Director/Independent

Dato' Chew Kong Seng @ Chew Kong Huat, aged 73, a Malaysian, is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants.

Dato' Chew was a tax officer in the Inland Revenue Department in United Kingdom and then joined Stoy Hayward & Co in United Kingdom from 1964 to 1970. He returned to Malaysia and joined Turquand Young & Co (now known as Ernst & Young) and was subsequently transferred to the Sarawak office in 1973, first as Manager in Charge and later as Partner in Charge. He was appointed as the Managing Partner of Ernst & Young from 1990 until his retirement in 1996.

Dato' Chew is a Director of Petronas Dagangan Berhad, AEON Co. (M) Bhd, PBA Holdings Berhad, Encorp Berhad and GW Plastics Holdings Berhad, companies listed on the Main Market of Bursa Securities. He is also a Director of Great Wall Plastic Industries Berhad and Bank of America Malaysia Berhad, all public companies.

Dato' Chew was appointed to the Board of GLM on 26 September 2001 and he is a member of the Board Audit & Risk Management Committee of GLM.

MR QUEK CHEE HOON

Non-Executive Director/Non-Independent

Mr Quek Chee Hoon, aged 58, a Singaporean, holds a Bachelor of Accountancy degree from the University of Singapore. He has 34 years' extensive experience in various investment, corporate and management activities, including property-related activities and businesses. He is currently the Group President & Chief Executive Officer of GuocoLand Limited which is listed on Singapore Exchange Securities Trading Limited and is the holding company of GLM.

Mr Quek was appointed to the Board of GLM on 19 April 2004. He does not sit on any committees of GLM.

YBHG TAN SRI NIK MOHAMED BIN NIK YAACOB

Non-Executive Director/Independent

Tan Sri Nik Mohamed bin Nik Yaacob, aged 62, a Malaysian, holds a Diploma in Mechanical Engineering, a B.E. (Hons) Degree from Monash University and a Masters in Business Management from the Asian Institute of Management. He also completed the Advanced Management Programme at Harvard University in the United States.

Tan Sri Nik Mohamed was the Group Chief Executive of Sime Darby Berhad from 1993 until his retirement in June 2004. He was Sime Darby Berhad's Director of Operations in Malaysia prior to his appointment as the Group Chief Executive in 1993. He also served on various Boards of the Sime Darby group of companies during this period. He was also the Chairman of the Advisory Council of National Science Centre and Chairman of the Board of UiTM and served as member of the INSEAD East Asian Council, National Council for Scientific Research and Development, Co-ordinating Council for the Public-Private Sectors in the Agricultural Sector, National Coordinating Committee on Emerging Multilateral Trade Issues and the Industrial Coordinating Council. He was a representative for Malaysia in the Apec Business Advisory Council and the Asia-Europe Business Forum.

Tan Sri Nik Mohamed is currently the Executive Director of Perdana Leadership Foundation, a public company. He is also a Director of Scomi Group Berhad, Bolton Berhad and Kencana Petroleum Berhad, companies listed on the Main Market of Bursa Securities.

Tan Sri Nik Mohamed was appointed to the Board of GLM on 28 January 2005. He does not sit on any committees of GLM.

Notes:

1. **Family Relationship with Director and/or Major Shareholder**
   Mr Quek Leng Chye, a major shareholder of GLM, is a brother of YBhg Tan Sri Quek Leng Chan. Save as disclosed herein, none of the Directors has any family relationship with any other Directors and/or major shareholders of GLM.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with GLM.

3. **Conviction of Offences**
   None of the Directors has been convicted of any offences in the past 10 years.

4. **Attendance of Directors**
   Details of Board meeting attendance of each Director are disclosed in the Statement on Corporate Governance and Internal Control in the Annual Report.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighty-seventh Annual General Meeting of GuocoLand (Malaysia) Berhad (the "Company") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 11 October 2011 at 11.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2011.

2. To declare a final dividend of 4% less tax for the financial year ended 30 June 2011 to be paid on 1 November 2011 to members registered in the Record of Depositors on 18 October 2011. ***(Resolution 1)***

3. To approve the payment of Director fees of RM360,000 for the financial year ended 30 June 2011 (2010: RM261,644), to be divided amongst the Directors in such manner as the Directors may determine. ***(Resolution 2)***

4. To re-elect the following retiring Directors:

   (a) Mr Poh Yang Hong; and ***(Resolution 3)***

   (b) YBhg Tan Sri Nik Mohamed bin Nik Yaacob. ***(Resolution 4)***

5. To pass the following motion as an Ordinary Resolution:

   "THAT YBhg Dato' Chew Kong Seng, a Director who retires in compliance with Section 129 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." ***(Resolution 5)***

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. ***(Resolution 6)***

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions as Ordinary Resolutions:

7. **Authority To Directors To Issue Shares**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, 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 issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 7)***

8. **Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM") And Persons Connected With HLCM**

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(A) of the Company's Circular to Shareholders dated 19 September 2011, with HLCM and persons connected with HLCM provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

AND THAT such approval shall continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." ***(Resolution 8)***

9. **Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With The Directors And Major Shareholders Of The Company And Persons Connected With Them**

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(B) of the Company's Circular to Shareholders dated 19 September 2011 (the "Circular"), with all the directors and major shareholders of the Company (as defined in the Circular) and persons connected with them provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

AND THAT such approval shall continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." ***(Resolution 9)***

10. **Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Tower Real Estate Investment Trust ("Tower REIT")**

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(C) of the Company's Circular to Shareholders dated 19 September 2011, with Tower REIT provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

AND THAT such approval shall continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." ***(Resolution 10)***

11. To consider any other business of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the final dividend only in respect of:

(i) shares transferred into the depositor's securities account before 4.00 p.m. on 18 October 2011 in respect of ordinary transfers; and

(ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LIM YEW YOKE
Secretary

Kuala Lumpur
19 September 2011

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy 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. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.

2. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.

Explanatory Notes On Special Business

1. **Authority To Directors To Issue Shares**

   The proposed ordinary resolution, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting 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 last Annual General Meeting held on 13 October 2010 and which will lapse at the conclusion of the Eighty-seventh Annual General Meeting.

   The Renewed Mandate will enable the Directors to take swift action in case of a need for corporate exercises or in the event business opportunities arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

2. **Proposed Shareholders' Mandate On Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed Shareholders' Mandate")**

   The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Company and its subsidiaries, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

   Detailed information on the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 19 September 2011 which is despatched together with the Company's 2011 Annual Report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- Details of individuals who are standing for election as Directors

  No individual is seeking election as a Director at the Eighty-seventh Annual General Meeting of the Company.

Board Audit & Risk Management Committee Report

CONSTITUTION

The Board Audit & Risk Management Committee (the "Committee") of GuocoLand (Malaysia) Berhad ("GLM" or the "Company") has been established since 23 March 1994.

COMPOSITION

Mr Tan Keok Yin
Chairman, Independent Non-Executive Director

YBhg Dato' Chew Kong Seng
Independent Non-Executive Director

YBhg Dato' Ong Joo Theam
Non-Independent Non-Executive Director

SECRETARY

The Secretary to the Committee is Ms Lim Yew Yoke who is the Company Secretary of GLM.

TERMS OF REFERENCE

- To nominate and recommend for the approval of the Board of Directors ("Board"), a person or persons as external auditor(s).
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the officers of GLM and its subsidiaries (the "Group") to the external auditors.
- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board.
- To review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit functions.
- To review the report and findings of the Internal Audit Department including any findings of internal investigations and the management's response thereto.
- To review the adequacy and integrity of internal control systems, including risk management and management information system.
- To review the risk management framework adopted by the Group and the processes employed to identify, evaluate and manage key business risks.
- To review any related party transactions that may arise within the Company or the Group.
- Other functions as may be agreed to by the Committee and the Board.

AUTHORITY

The Committee is authorised by the Board to review any activity of the Group within its Terms of Reference. It is authorised to seek any information it requires from any director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets regularly and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit, risk manager, Managing Director and senior management may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

At least twice a year, the Committee will have a separate session with the external auditors without the presence of executive directors and management.

Three (3) members of the Committee shall constitute a quorum.

After each Committee meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

The Committee carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2011, three (3) Committee meetings were held and the attendance of the Committee members was as follows:

Members	Attendance
Mr Tan Keok Yin	3/3
YBhg Dato' Chew Kong Seng	3/3
YBhg Dato' Ong Joo Theam	3/3

The Committee had two (2) separate sessions with the external auditors without the presence of executive directors and management.

The Committee reviewed the quarterly reports and annual financial statements of the Group. The Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee reviewed the internal auditor's audit findings and recommendations.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

The Committee reviewed various related party transactions carried out by the Group.

INTERNAL AUDIT

The Group has an in-house Internal Audit ("IA") Department which reports directly to the Committee. The Committee takes cognizance of the fact that an independent and adequately resourced internal audit function is essential in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The IA activities carried out during the financial year ended 30 June 2011 include, inter alia, the following:

- ascertained the extent of compliance with the established Group policies, procedures and statutory requirements;
- reviewed the system of internal controls and key operating processes based on the approved annual plan by adopting a risk based approach and recommending improvements to the existing system of controls; and
- reviewed related party transactions.

Arising from the above activities, IA reports, incorporating the audit findings, audit recommendations and management's responses were presented to the Committee. Follow-up audit was also conducted and the status of implementation on the agreed recommendations was reported to the Committee.

The cost incurred by the IA Department for the financial year ended 30 June 2011 amounted to RM239,835.

This Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.

Corporate Governance & Internal Control

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholders' value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors has reviewed the manner in which the Malaysian Code on Corporate Governance (the "Code") is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

A. DIRECTORS

I The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference to assist in the discharge of this responsibility.

The role and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure.

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

A. DIRECTORS cont'd

II Board Balance

The Board of Directors comprises eight (8) directors, six (6) of whom are non-executive. Of the non-executive directors, three (3) are independent. The profiles of the members of the Board are provided in the Annual Report.

The Board is of the view that the current Board composition fairly reflects the investment of shareholders in the Company.

The Executive Chairman leads the Board and is responsible for the vision and strategic direction of the Group as well as to monitor progress on implementation of Key Performance Areas and strategic developments.

The Managing Director is responsible for implementing the policies and decisions of the Board, overseeing the day-to-day operations, setting the plan and direction, benchmark and targets for operating companies, tracking compliance and business progress, initiating innovative business ideas to create competitive edge and development of business and corporate strategies with the aim of enhancing shareholder wealth.

The Board has identified the Company Secretary of the Company to whom concerns may be conveyed, who would bring the same to the attention of the Board.

III Board Meetings

The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions.

The Board met four (4) times during the financial year ended 30 June 2011. Details of attendance of each director are as follows:

Directors	Attendance
YBhg Tan Sri Quek Leng Chan	4/4
Mr Yeow Wai Siaw	4/4
Mr Poh Yang Hong	3/4
YBhg Dato' Ong Joo Theam	4/4
Mr Tan Keok Yin	3/4
YBhg Dato' Chew Kong Seng	4/4
Mr Quek Chee Hoon	4/4
YBhg Tan Sri Nik Mohamed bin Nik Yaacob	4/4

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretary accordingly. Any director who has an interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meetings.

A. DIRECTORS cont'd

IV Supply of Information

All Board members are supplied with information on a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, performance of the Company and of the Group and management's proposals which require the approval of the Board.

All directors have access to the advice and services of the Company Secretary and internal auditors. All directors also have access to independent professional advice at the Company's expense, in consultation with the Executive Chairman or the Managing Director of the Company.

V Appointments to the Board

Given the current size of the Board, the Board is of the view that it is not necessary for the Company to establish a Nominating Committee for the time being and the Board as a whole will serve as the Nominating Committee. All new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

The process of assessing the directors is an on-going responsibility of the entire Board. A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, the Board committee and the contribution and performance of each individual director and Board committee member, including the Executive Chairman and the Managing Director.

Having reviewed the assessments in respect of the financial year ended 30 June 2011, the Board is satisfied that the Board and Board committee have continued to operate effectively in discharging their duties and responsibilities. The directors and Board committee members have also fulfilled their responsibilities as members of the Board and Board committee and are suitably qualified to hold their positions.

VI Re-appointment and Re-election

All directors are required to submit themselves for re-election every three (3) years.

Pursuant to Section 129(6) of the Companies Act, 1965, directors who are over the age of seventy (70) years shall retire at every Annual General Meeting ("AGM") and may offer themselves for re-appointment as directors of the Company to hold office until the conclusion of the next AGM.

VII Training and Education

All directors of the Company have completed the Mandatory Accreditation Programme.

As part of the training programme for its directors, the Company has prepared for the use of its directors, the Director Manual, and regularly organises in-house programmes, briefings and updates by its in-house professionals. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge.

The Director Manual which is given to every director for their reference, highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same. New directors will also be given a briefing on the businesses of the Group.

During the financial year ended 30 June 2011, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any new or changes to the companies and other relevant legislation, rules and regulations from in-house professionals. The Company also organised an in-house programme for its directors and senior management.

The directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as directors.

A. DIRECTORS cont'd

VII Training and Education cont'd

During the financial year ended 30 June 2011, the directors of the Company, including members of the Board Audit & Risk Management Committee, attended the following training programmes, seminars, briefings and/or workshops:

- Corporate Governance – The Holistic Board
- Risk Management – Things Can Still Go Wrong
- Powering Business Sustainability
- Sustainability Session for Directors
- Innovate or Stagnate
- Assessing Risk and Control Environment
- All Illustrative Guide on Financial Statement for Banking Entities with Focus on FRS 7
- XBRL (eXtensible Business Reporting Language): Shaping the Financial Landscape
- Roundtable Discussion on "The Code of Public Governance"
- CEO Forum 2010 – Approaching 2020 Malaysia's Decade for Growth?
- CEO Forum 2011 – Transforming Malaysia: Challenges to Becoming a High-Income Nation

B. DIRECTORS' REMUNERATION

I Level and make-up of Remuneration

The Company does not have a Remuneration Committee. The Board is of the view that it is not necessary for the Company to establish a Remuneration Committee for the time being given the current size of the Board. The Board as a whole functions as the Remuneration Committee.

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmark to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of non-executive directors reflects the level of responsibilities undertaken by them.

II Procedure

The remuneration packages of executive directors are reviewed by the entire Board, with the presence of a majority of non-executive directors. The executive director concerned shall not participate in the deliberations and shall vacate the meeting room during deliberations of his remuneration package.

The Board, in assessing and reviewing the remuneration packages of executive directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of directors, including non-executive directors, are recommended and endorsed by the Board for approval by the shareholders of the Company at its AGM.

B. DIRECTORS' REMUNERATION cont'd

III Disclosure

The aggregate remuneration of directors (including remuneration earned as directors of subsidiaries) for the financial year ended 30 June 2011 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	100,699	908,709	1,009,408
Non-Executive Directors	340,000	80,000	420,000

The number of directors whose remuneration falls into the following bands is as follows:

Range Of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	2
50,001 – 100,000	1	4
100,001 – 900,000	-	-
900,001 – 950,000	1	-

C. SHAREHOLDERS

I Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

The Company has a website at 'www.guocoland.com.my' which the shareholders can access for information which includes corporate information, announcements/press releases/briefings, financial information, products information and investor relations.

In addition, the Group Financial Controller of the Company could provide shareholders and investors with a channel of communication in which they can provide feedback to the Group.

Queries may be conveyed to the following person:

Name	:	Soon Yeong Chyan
Tel No.	:	03-2164 7878
Fax No.	:	03-2164 2369
e-mail address	:	ycsoon@guocoland.com.my

II AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Senior management and the external auditors are also available to respond to shareholders' queries during the AGM.

D. ACCOUNTABILITY AND AUDIT

The Board Audit & Risk Management Committee (the "Committee") was established on 23 March 1994. The financial reporting and internal control system of the Group is overseen by the Committee which comprises all non-executive directors with a majority independent. The primary responsibilities of the Committee are set out in the Board Audit & Risk Management Committee Report.

The Committee met three (3) times during the financial year ended 30 June 2011. All meetings were attended by all members of the Committee. The head of finance, head of internal audit, risk manager, Managing Director and senior management may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

The Committee is supported by the Internal Audit Department whose principal responsibility is to conduct periodic audits to ensure compliance with systems and/or standard operating procedures of the Group. Investigation will be made at the request of the Committee and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the Committee meetings where appropriate actions will be taken.

I Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the Committee which assesses the financial statements with the assistance of the external auditors.

II Internal Control

The Statement on Internal Control as detailed under paragraph E of this Statement provides an overview of the state of internal controls within the Group.

III Relationship with Auditors

The appointment of external auditors is recommended by the Committee which determines the remuneration of the external auditors. The external auditors meet with the Committee to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

At least twice a year, the Committee will have a separate session with the external auditors without the presence of executive directors and management.

E. STATEMENT ON INTERNAL CONTROL

The Board of Directors, recognising its responsibilities in ensuring sound internal controls, has put in place a risk management framework for the Group to assist it in:

- identifying the significant risks faced by the Group in the operating environment as well as evaluating the impact of such risks identified;
- developing the necessary measures to manage these risks; and
- monitoring and reviewing the effectiveness of such measures.

The Board has entrusted the Committee with the responsibility to oversee the implementation of the risk management framework of the Group.

The Board, in concurrence with the Committee, has appointed a Chief Risk Officer to administer the risk management framework. The Chief Risk Officer is responsible to:

- periodically evaluate all identified risks for their continuing relevance in the operating environment and inclusion in the Risk Management Framework;
- assess the adequacy of action plans and control systems developed to manage these risks;
- monitor the performance of management in executing the action plans and operating the control systems; and
- periodically report to the Committee on the state of internal controls and the management of risks throughout the Group.

The Committee, assisted by the Internal Audit Department, provides oversight on the implementation of the risk management framework of the Group.

These on-going processes have been in place for the year under review, and are reviewed periodically by the Committee.

The controls built into the risk management framework are intended to manage and not expected to eliminate all risks of failure to achieve business objectives but to provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Main Market Listing Requirements of Bursa Malaysia Securities Berhad require the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of its financial performance and cash flows of the Group and of the Company for the financial year.

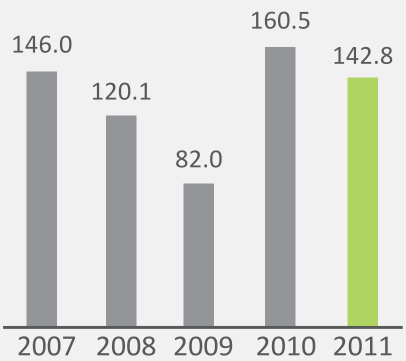
The directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2011, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

This Statement on Corporate Governance and Internal Control is made in accordance with the resolution of the Board of Directors.

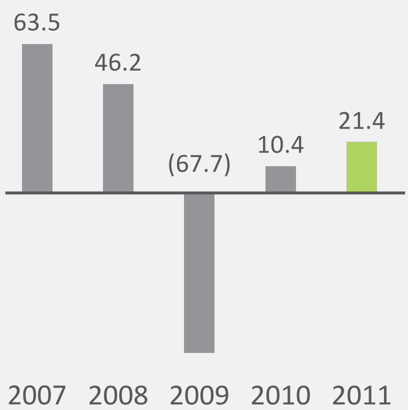
Group Financial Highlights

YEAR ENDED (RM MILLION)	JUNE 07	JUNE 08	JUNE 09	JUNE 10	JUNE 11
Revenue	146.0	120.1	82.0	160.5	**142.8**
Profit/(Loss) before tax	63.5	46.2	(67.7)	10.4	**21.4**
Profit/(Loss) attributable to shareholders	49.5	41.2	(66.0)	14.0	**20.0**
Net earnings/(loss) per share (sen)	7.4	6.2	(9.9)	2.1	**3.0**
Net dividend per share (sen)	1.5	1.5	1.5	1.5	**1.5**
Gross dividend per share (sen)	2.0	2.0	2.0	2.0	**2.0**
Shareholders' funds	812.6	845.0	768.7	766.0	**777.7**
Total assets	1,052.6	1,654.4	1,788.2	1,716.0	**1,824.5**

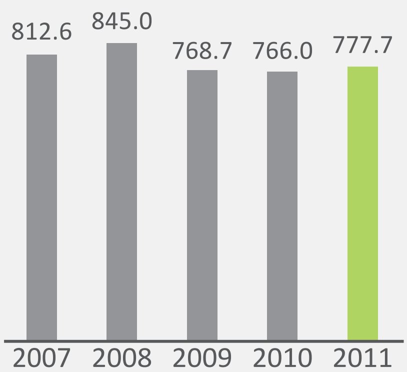
Revenue
RM Million



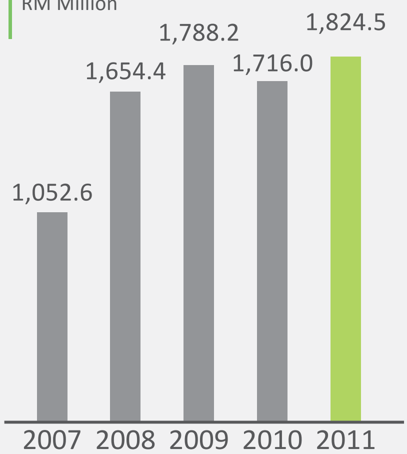
Profit/(Loss) before tax
RM Million



Shareholders' funds
RM Million



Total assets
RM Million



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report, incorporating the audited financial statements of GuocoLand (Malaysia) Berhad ("GLM") Group for the financial year ended 30 June 2011.

OPERATING ENVIRONMENT

Coming out from the global economic downturn and financial crisis in 2009, the Malaysian economy rebounded to register a robust growth of 7.2 per cent in 2010, in sharp contrast to the 1.7 per cent contraction in the previous year.

The nation's economy, supported by growing confidence and vibrancy, was given a timely boost by the roll-out of the Tenth Malaysia Plan and the Economic Transformation Programme ("ETP"). Various strategic initiatives and high-impact projects, aimed primarily at turning Vision 2020 into reality, were announced to place the economy in the next phase of development and growth.

Market and consumer confidence, which grew in tandem with the favourable economic climate, had also bolstered the property market during the financial year under review. Property prices and transactions in popular locations registered record levels and landed property investors enjoyed strong capital appreciation.

OPERATING RESULTS

The improved market sentiments, supported by the return of consumer confidence as well as prudent investment and management decisions, enabled the Group to register a profit before tax of RM21.4 million from RM10.4 million in 2010. The Group posted a 105.77 per cent increase in profit despite recording lower revenue, i.e. RM142.8 million during the year under review compared to RM160.5 million in the previous year.

Property development contributed RM77.3 million to the Group's revenue, built largely on the strength of the upward trend of the property market in line with Malaysian's improving economy. Our hotel operations also performed fairly well with higher occupancy. Revenue from our Thistle hotel operations in Johor Bahru and Port Dickson totalled RM50.8 million.

PROSPECTS

Despite the anticipated slower economic growth in view of global uncertainties, the local property market outlook will remain reasonably buoyant in the immediate future. Demand and pricing of properties in choice locations are expected to hold out well due to prevailing strong fundamentals, notwithstanding current inflationary pressures and Bank Negara Malaysia interest rates and statutory reserve requirement hikes, and other measures to curb excessive speculation in the market.

While we remain prudent and cautious in managing our business, we are optimistic that prospects in the coming financial year will be satisfactory.

As one of the significant Entry Point Projects in the ETP, the Damansara City project will be a key catalyst to drive rapid growth in Greater Kuala Lumpur/Klang Valley which is one of the 12 National Key Economic Areas.

We will also seize opportunities to expand our landbank, especially prime lands in Greater Kuala Lumpur to take us to the next phase of growth and expansion.

DIVIDEND

During the year, GLM paid a final dividend of 4 per cent less tax at 25 per cent amounting to approximately RM10.0 million for the financial year ended 30 June 2010.

In recognition of the continued support of our valued shareholders, the Board has recommended a dividend of 4 per cent less tax, amounting to approximately RM10.0 million for the financial year ended 30 June 2011. The recommended dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

APPRECIATION

I wish to thank my colleagues on the Board, the management and all staff for their relentless hard work, unwavering commitment and dedication over the past year. On behalf of the Board, my appreciation also goes to our valued customers, shareholders, partners and associates, investors and regulators for their continued support.

TAN SRI QUEK LENG CHAN
Chairman
22 August 2011

Managing Director's Review

Artist's Impression of Amandarii boutique bungalows

It gives me great pleasure to present the Group's performance on the back of a number of forward-moving initiatives to place GuocoLand (Malaysia) Berhad ("GLM") on a firmer footing and to elevate our business to the next level of growth.

The Group's much anticipated Damansara City has been identified in January 2011 as an important Entry Point Project under the Economic Transformation Programme ("ETP") to transform Malaysia into a high-income nation by 2020. As an ETP project, our flagship integrated development in Damansara Heights will put us in good stead towards our vision to be a leading and sustainable property developer in Malaysia.

We believe 2012 will be the turning point for the Group.

The strong fundamentals, supported by the upturn of the property market against the backdrop of the bullish economy, enabled the Group to register a higher profit before tax of RM21.4 million on the back of revenue totalling RM142.8 million for the financial year ended 30 June 2011.

The higher profit was largely due to the improved contributions from property development activities and hotel operations which continued to be the key driving force behind the Group's profitability.

Artist's Impression of Amberley

Artist's Impression of Cassis

PROPERTY DEVELOPMENT

EMERALD – The Nerve Centre of Rawang

The joint venture development at Emerald had gone from strength to strength with each passing year. The year 2010 has been no exception with the fast growing guarded Emerald enclave emerging as one of the preferred residential townships in the northern corridor of Greater Kuala Lumpur.

Leveraging on the upside of the property market, GLM launched five phases of semi-detached parkhomes, double-storey link homes and bungalow lots in the Emerald enclave during the year under review.

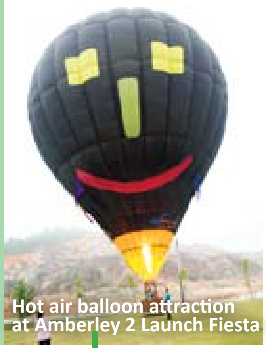
The well received launch of the Amberley semi-detached parkhomes was an important step forward by the Group to widen its property offerings, including upmarket and higher-end homes, to cater to the increasing number of discerning home buyers and investors. Within two weeks of its launch in October 2010, 80 per cent of the first phase was sold. All the 162 semi-detached bungalows, with a gross development value of RM103 million, were also fully sold by March 2011.

This was followed by back-to-back and successful launches of the Coral double-storey link homes and Peridot Hilltop bungalow lots. The 130 units of Coral homes, with a gross development value of RM46 million, were quickly snapped up during the Triple Fortune Campaign held in February 2011.

The Emerald enclave will also be redeveloped to upgrade and enhance the appeal of the township with more greenery and high-end residential projects. The review of Emerald's overall master plan will include the introduction of new and low-density community enclaves – walkable neighbourhood with a connected network of open space and pedestrian walkways that link the different neighbourhoods.

RM3.5 million cheque presentation to SJK (C) Kota Emerald


Triple Fortune Celebration


Hot air balloon attraction at Amberley 2 Launch Fiesta

Launch of Triple Fortune Celebration

Fireworks display at Amberley 2 Launch Fiesta

PROPERTY DEVELOPMENT cont'd

EMERALD – The Nerve Centre of Rawang cont'd

Peridot Hilltop which was launched shortly before the end of the financial year under review, was the icing on the cake for GLM. The final release of 66 bungalow lots, with sizes between 5,200 square feet ("sq ft") and 10,700 sq ft and worth about RM33 million, were sold out during the weekend launch.

By every measure, the freehold 1,000-acre master-planned and sprawling Emerald township has emerged as Rawang's new crown jewel. Back-to-back announcements early this year on the commencement of work for a new Chinese school in Emerald and a new shopping complex located just outside the main entrance of Emerald West have helped to reaffirm the attractiveness of the township.

Deputy Education Minister YB Dato' Dr Wee Ka Siong who visited Emerald in February 2011, announced the ministry's contribution of RM3.5 million for the construction of SJK (C) Kota Emerald. The school is currently under construction and is expected to be ready by year-end. It will accommodate about 2,000 students and will have 24 classrooms, an administration block and various facilities, including a football field.

Prior to the announcement of the school, AEON Malaysia, which operates the Jusco stores and supermarkets chain, confirmed it will open a two-level community shopping centre in the vicinity of Emerald by end of this year. The RM200 million centre, with a net lettable area of 370,000 sq ft, will be an added windfall to the Emerald enclave which has close to 2,000 homes built and sold to date.


Artist's Impression of Commerce One


Artist's Impression of Damansara City

PROPERTY DEVELOPMENT cont'd

COMMERCE ONE – Commercial Hub at Jalan Klang Lama

Following the successful launch of the five-storey shop offices, GLM launched the 21-storey office tower in September 2010. Sales have been encouraging with more than 60 per cent of modern office suites, with a gross development value of RM65.6 million sold as at June 2011.

Commerce One, which is about 3 km from the Mid Valley Megamall, offers entrepreneurs an excellent investment option given its strategic location at Jalan Klang Lama. The established commercial hub is also well served by a network of highways – New Pantai Expressway, KL-Putrajaya Highway, Shah Alam Expressway (KESAS) and Federal Highway – and good public transportation.

UPCOMING LAUNCHES – Turning Point for GLM

Going forward, GLM is planning to roll out a slew of major developments in Damansara Heights and Emerald. The Damansara City Show Gallery at HP Towers, located adjacent to the integrated project, will be completed by year-end in time for the launch in 2012.

Comprising two luxury condominium blocks, two office towers, a five-star hotel and a lifestyle mall on a freehold 8.5-acre site, Damansara City, with a total development area of about 2.2 million sq ft, will be a new iconic landmark in the upscale Damansara Heights neighbourhood.

Artist's Impression of Amandarii master bedroom

Artist's Impression of Kayenne

PROPERTY DEVELOPMENT cont'd

UPCOMING LAUNCHES – Turning Point for GLM cont'd

The ETP endorsement, announced by Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak, is a significant milestone for GLM and it reaffirms the recognition of Damansara City in providing positive economic contributions and bringing the development of Greater Kuala Lumpur/Klang Valley to the next level.

GLM started the new financial year ending 30 June 2012 with the timely launch of the Amandarii boutique bungalows in Kajang. The low-density guarded enclave which sits on a 8.76-acre site and located adjacent to the Saujana Impian Golf Course, offers 36 bungalows, featuring contemporary architecture with classic interior design and private landscaped courtyards.

In the fourth quarter of 2011, we expect to unveil Kayenne at Bukit Rahman Putra in Sungai Buloh. The 84-unit condominium, with a modern tropical theme with built-up areas of 1,500 to 3,500 sq ft, is located next to the 36-hole Kelab Golf Rahman Putra, and most units will have a picturesque view of the established golf course.

HP Towers


Menara HLA

Menara ING

PROPERTY INVESTMENT

TOWER REAL ESTATE INVESTMENT TRUST ("Tower REIT") – Consistent and Attractive Returns

Property trusts are gaining traction on the strength of their stable and attractive yields. Tower REIT, a leading office REIT in Malaysia, has consistently generated steady and sustainable returns since its inception in April 2006.

During the financial year, GLM, through its wholly-owned subsidiary, HLP Equities Sdn Bhd, raised its interest in Tower REIT to 21.66 per cent from 20.04 per cent previously.

Tower REIT completed the acquisition of an additional floor of offices in Menara ING during the financial year. This increased its overall ownership of the strata floor area in the building from 78.33 per cent to 82.99 per cent.

The gross asset value of Tower REIT's properties – Menara HLA, Menara ING (both located in the Golden Triangle of Kuala Lumpur) and HP Towers (Damansara Heights) – was estimated at RM604 million as at 31 December 2010. Collectively, the three buildings have a total net lettable area of about 900,000 sq ft. Tower REIT will continue to actively seek acquisition opportunities with potential for capital appreciation and yield enhancement to deliver value to its unit holders.

Thistle Johor Bahru

Thistle Port Dickson Resort


Upgraded golf course at Thistle Port Dickson Resort

HOTELS

HOTEL OPERATIONS – Rebound of Business and Leisure Travel

The hotel operations also performed reasonably well with the improved economic sentiments and the rebound of the tourism industry. Revenue grew by 24.5 per cent from RM40.8 million in 2010 to RM50.8 million, driven largely by the upswing of the business and leisure market segments, and aided by higher room occupancy at the Thistle hotels in Johor Bahru and Port Dickson.

The 380-room Thistle Johor Bahru, positioned as the best hotel in the state capital, was fittingly recognised with an official five-star rating by the Tourism Ministry in May 2011.

Thistle Port Dickson Resort also did the Group proud by winning the Best Hotel/Resort Award at the Negeri Sembilan Tourism Industry Awards in April this year. The 251-room resort, sited on a 90-acre tropical landscaped garden, had reopened its upgraded 9-hole golf course in June 2011. During the year, Thistle Port Dickson had also launched a new wellness centre – Santai Spa – and re-launched the Cumulus Beach Bar to cater to the growing international and domestic markets.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express my heartfelt thanks to the management team and all staff for their relentless hard work, support, dedication and commitment to the Group.

To our stakeholders, including our valued shareholders, customers, business partners and associates, government and regulatory authorities, thank you for your continued commitment and support of GLM.

YEOW WAI SIAW
Managing Director
22 August 2011

Corporate Social Responsibility

Long before corporate social responsibility as a single concept was promulgated into guidelines for companies to follow, the Group was already well on its journey. Corporate Social Responsibility (CSR) for the Group has always been more than just about community welfare. It is about having a sustainable business strategy in the face of global demands and challenges. It is also about conducting business with a conscience - caring for the community, the environment, our customers, our employees and our stakeholders.

ECONOMIC SUSTAINABILITY

For many years now, the Group has had in place internally generated best practices to ensure the economic sustainability of all its companies. Some of these best practices are:

- An established Financial Management Discipline intended to drive excellence in financial management with the objective of preserving and enhancing the quality of business as an on going concern.
- An established Enterprise Risk Management structure to ensure that a systematic process and delegation of responsibility is clearly set out to guide management. The Group sees Enterprise Risk Management as a serious consideration to protect the company from defaults that could fundamentally damage enterprise value.
- A strict code of business conduct and ethics which the Group abides by in all types of transactions and interactions.
- Public communications, like financial reports contain disclosures that are fair, accurate, timely and understandable.
- In choosing its directors, the Group seeks individuals of high integrity, have shareholder orientation and a genuine interest in their respective company's businesses. They are tasked with the responsibility of exercising their business judgement to act in what they reasonably believe to be in the best interest of the company and the shareholders they represent.
- The strict practice of responsible selling and marketing of products and services, in a global market that is increasingly becoming even more aggressive and competitive.

SOCIAL SUSTAINABILITY

Employee Development and Welfare

The Group follows structured development programmes to help develop leadership skills, technical and soft skills among different groups of employees.

SOCIAL SUSTAINABILITY cont'd

Employee Development and Welfare cont'd

For the non-executives, various in-house and external programmes are conducted to enhance their technical competencies as well as supervisory skills in order to develop a competent workforce.

Diversity and Inclusion

The Group develops talent regardless of race, gender or religious belief. Employee advancement is based on merit and we believe that it is this variety of persuasions and cultures that fuel creativity, entrepreneurship and openness.

The Group also actively promotes work-life balance through various sports, family and social initiatives. In this regard, various initiatives such as sports activities and social events, were carried out with the full support and commitment of the employees throughout the financial year.

Environmental Preservation

As part of our commitment to our employees and to society as a whole, we practise environmental preservation and maintain high standards of Occupational Safety and Health management practices. Environmental management programmes such as recycling campaigns, air pollution controls and waste management programmes are continuously deployed to achieve the Group's objectives.

In addition, we conduct regular occupational safety and awareness programmes for our employees.

Earth Hour, a global event 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, was observed by the Group.

Organised by the World Wildlife Fund, Earth Hour was conceived in Sydney in 2007. Since then, many other cities around the world have adopted the event which is held on the last Saturday of March annually. By doing its part, the Group supported this global effort to help make a difference.

COMMUNITY INVESTMENT

The Group conducts most of its philanthropic activities through Hong Leong Foundation ("Foundation"), the charitable arm of Hong Leong Group. Since its incorporation in 1992, the Foundation's programmes have been funded by contributions from the Group companies and the focus is on education and community welfare as its key thrusts.

Scholarship

The Foundation's Scholarship Programme benefits academically outstanding Malaysian students from low-income families and students with disabilities. The Foundation believes that providing scholarships is about providing opportunities – giving students the chance to have the higher education necessary to break the cycle of poverty.

Over RM2 million is allocated each year for diploma and undergraduate studies at local universities and selected institutions of higher learning within Malaysia.

A separate fund has also been set aside for scholarship grants to deserving children of Group employees.

Both grants for the public and Group employees' children are unconditional – they do not carry any repayment requirement nor are the recipients bonded to work for the Group upon graduation.

In February 2011, the Foundation also donated RM1 million to the building fund of SJK (C) Kota Emerald. The school, located in the Emerald enclave, is currently under construction and is expected to be completed by the end of this year.

After School Care Programme

In a competitive and fast-paced society, latchkey children from under-served areas can get left behind academically. The After School Care Programme with the cooperation of several participating schools, caters to this group of children. The programme provides homework, tutoring, revision guidance and a hot meal.

The Foundation currently has such projects in Selangor, Negeri Sembilan, Johor and Sabah.

COMMUNITY INVESTMENT cont'd

School Building Fund

To enhance existing facilities for a better learning environment, the Foundation has made donations to various academic and vocational training institutions nationwide.

Community Welfare

Under the Foundation's Community Welfare Programme, contributions in cash and in-kind are distributed to charities nationwide.

For this financial year, contributions amounting to about RM2 million were made, among others, to Pertubuhan Keluarga Orang Orang Bermasalah Pembelajaran Wilayah Persekutuan dan Selangor, Perak Association for Intellectually Disabled, Vinashini Home Seremban, Women's Aid Organisation, Home For the Aged (CWS) Simee and Sabah Cheshire Home.

Community Partner Programme

The Foundation's Community Partner Programme is based on the dual ideals of capacity building and empowerment. The Foundation works with a partner for a period of three years with an exit strategy. The aim of this programme is to provide holistic support from a wide range of issues from Human Resource to media to funding sustainability. At present, the Foundation works with its community partner, Science Of Life 24/7.

Small Enterprise Programme

The people behind the Group are core entrepreneurs and we seek to propagate this same spirit of entrepreneurship to the community.

This year, the Foundation's Small Enterprise Programme supported Silent Teddies Bakery, a bakery project initiated by the Community Service Center for the Deaf. We have in the past supported United Voice's Art Gallery, a charity that works with people with learning disabilities, Good Shepherd Bakery, a charity that offers a half way home for gender based violence, micro finance for the single mothers of Chow Kit through Yayasan Nur Salam and people living with HIV with the Malaysian Aids Council.

This Statement on Corporate Social Responsibility is made in accordance with the resolution of the Board of Directors.

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are property development, property investment, hotel operations, investment holding, trading in securities and provision of management services and property-related services.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit net of tax	21,089	2,489
Profit attributable to:		
Owners of the Company	19,959	2,489
Non-controlling interests	1,130	-
	21,089	2,489

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

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

DIVIDEND

The dividend paid by the Company since 30 June 2010 was as follows:

	RM'000
In respect of the financial year ended 30 June 2010:	
Final dividend of 2 sen per share less 25% taxation on 669,880,418 (net of ESOS Trust shares) ordinary shares of RM0.50 each, paid on 3 November 2010	10,048

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2011, of 2 sen per share less 25% taxation on 669,880,418 (net of ESOS Trust shares) ordinary shares of RM0.50 each, amounting to a dividend payable of RM10,048,206 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2012.

EXECUTIVE SHARE OPTION SCHEME ("ESOS" or "Scheme")

The Executive Share Option Scheme of up to fifteen per cent (15%) of the issued and paid-up ordinary share capital of GuocoLand (Malaysia) Berhad ("GLM" or the "Company") which was approved by the shareholders of the Company on 25 October 2005, was established on 23 January 2006 and would be in force for a period of ten (10) years.

On 17 January 2006, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the exercise of options under the ESOS at any time during the existence of the ESOS.

The ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Company.

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Company and its subsidiaries. The maximum allowable allotments for the fulltime executive directors had been approved by the shareholders of the Company in a general meeting. The Board of Directors of the Company (the "Board") may from time to time at its discretion select and identify suitable eligible executives to be offered options.

2. The aggregate number of shares to be issued under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company for the time being.

3. The Scheme shall be in force for a period of ten (10) years from 23 January 2006.

4. The option price shall not be at a discount of more than ten per cent (10%) (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

5. The option granted to an option holder under the ESOS is exercisable by the option holder only during his employment with the Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the Bye-Laws of the ESOS ("GLM Bye-Laws").

6. The exercise of the options may, at the absolute discretion of the Board, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the ESOS ("ESOS Trust"); or a combination of both new shares and existing shares.

With effect from 1 June 2007, certain provisions in the GLM Bye-Laws were amended by the Board to comply with the requirements of the Hong Kong Stock Exchange ("HKSE") Listing Rules.

The Company is a subsidiary of GuocoLand Limited, which in turn is a subsidiary of Guoco Group Limited ("GGL"), a corporation listed on the HKSE. Under the HKSE Listing Rules, all schemes involving the grant of options by GGL and its subsidiaries to, or for the benefit of, specified participants would have to comply with the provisions of the HKSE Listing Rules, with appropriate modifications. The HKSE Listing Rules further provide that where the shares of the listed issuer or the subsidiary concerned are also listed on another stock exchange, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements of the HKSE Listing Rules and the requirements of the other stock exchange. The GLM Bye-Laws, as amended, were approved by the shareholders of GGL on 1 June 2007. The amendments to the GLM Bye-Laws do not require the approval of the shareholders of the Company.

EXECUTIVE SHARE OPTION SCHEME (“ESOS” or “Scheme”) cont’d

The salient amendments to the GLM Bye-Laws are as follows:

(i) Options under the Scheme

The existing GLM Bye-Laws allow for a maximum allocation of up to 15% of the issued and paid up ordinary share capital of the Company at any one time (“Maximum Aggregate”). In compliance with the HKSE Listing Rules, the Maximum Aggregate shall be subjected to the provision that the total number of new GLM shares which may be issued upon exercise of options to be granted under the Scheme must not in aggregate exceed 10% of the issued and paid-up ordinary share capital of the Company unless approval shall have been obtained from the shareholders of GGL.

(ii) Maximum Allowable Allotment

In compliance with the HKSE Listing Rules, a new Bye-Law has been inserted to state that no options may be granted to any eligible executive in any 12-month period that would enable such eligible executive becoming entitled to subscribe for new shares exceeding in nominal value of 1% of the issued and paid-up ordinary share capital of GLM in issue unless approval shall have been obtained from the shareholders of GGL.

(iii) Modification/Variation to the Scheme

A new Bye-Law has been inserted to state that so long as the Company remains a subsidiary of GGL and the shares of GGL remain listed on the HKSE, any provision under the GLM Bye-Laws shall not be altered without the prior approval of the shareholders of GGL if such approval is required in respect of such alteration pursuant to the HKSE Listing Rules.

(iv) Governing Regulations

A new Bye-Law has been inserted to state that, as the Company is a subsidiary of GGL, the Scheme and the GLM Bye-Laws are subject to the Listing Requirements of Bursa Securities and the HKSE Listing Rules. In the event of a conflict between the Listing Requirements of Bursa Securities and the HKSE Listing Rules, the more onerous provision shall prevail.

The ESOS Trust did not acquire any ordinary shares of the Company during the financial year.

None of the option under the ESOS has been granted as at end of the financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

YBhg Tan Sri Quek Leng Chan *(Executive Chairman)*
Mr Yeow Wai Siaw *(Managing Director)*
Mr Poh Yang Hong
YBhg Dato' Ong Joo Theam
Mr Tan Keok Yin
YBhg Dato' Chew Kong Seng @ Chew Kong Huat
Mr Quek Chee Hoon
YBhg Tan Sri Nik Mohamed bin Nik Yaacob

In accordance with Article 115 of the Company's Articles of Association, Mr Poh Yang Hong and YBhg Tan Sri Nik Mohamed bin Nik Yaacob retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

YBhg Dato' Chew Kong Seng @ Chew Kong Huat who is over the age of 70 years, retires at the forthcoming Annual General Meeting in accordance with Section 129 of the Companies Act, 1965 (the "Act"), and seeks for re-appointment in accordance with Section 129(6) of the Act to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares, preference shares and/or options over ordinary shares or convertible bonds in the Company and/or its related corporations during the financial year were as follows:

	Shareholdings in which directors have direct interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds				
	Nominal value per share RM	**As at 1.7.2010**	**Acquired**	**Sold**	**As at 30.6.2011**
Interests of YBhg Tan Sri Quek Leng Chan in:					
GuocoLand (Malaysia) Berhad	0.50	19,506,780	-	-	**19,506,780**
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	**390,000**
Guoco Group Limited	USD0.50	1,056,325	-	-	**1,056,325**
GuocoLand Limited	(1)	10,000,000	3,333,333 (14)	-	**13,333,333**
Hong Leong Financial Group Berhad	1.00	4,989,600	-	-	**4,989,600**
Narra Industries Berhad	1.00	8,150,200	-	-	**8,150,200**
GuocoLeisure Limited	USD0.20	735,000	-	-	**735,000**

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	As at 1.7.2010	Acquired	Sold	As at 30.6.2011
	Shareholdings in which directors have direct interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds				
Interests of Mr Poh Yang Hong in:					
GuocoLand (Malaysia) Berhad	0.50	4,553,700	-	(1,553,700)	**3,000,000**
Hong Leong Financial Group Berhad	1.00	4,204,800	-	(200,000)	**4,004,800**
Hong Leong Industries Berhad ("HLI")	0.50	39,100	19,700 (14)	(19,600) (12)	**39,200**
Malaysian Pacific Industries Berhad ("MPI")	0.50	-	14,700 (10)	-	**14,700**
Interests of YBhg Dato' Ong Joo Theam in:					
GuocoLand (Malaysia) Berhad	0.50	22,588	-	-	**22,588**
Hong Leong Financial Group Berhad	1.00	18,000	-	-	**18,000**
GuocoLand Limited	(1)	-	61,000	-	**61,000**
Interest of Mr Quek Chee Hoon in:					
GuocoLand Limited	(1)	16,548,599	5,516,199 (14)	-	**22,064,798**
		11,382,000 *	788,773 *(6)	-	**12,170,773** *

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	As at 1.7.2010	Acquired	Sold	As at 30.6.2011
	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds				
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	13,019,100	50,000	-	**13,069,100**
Hong Leong Financial Group Berhad	1.00	824,437,300 2,125,000 *(8)	300,000 (8)(19) -	- (300,000) *(8)(19)	**824,737,300** (8) **1,825,000** *(8)
Hong Leong Capital Berhad (formerly known as HLG Capital Berhad)	1.00	195,263,227	-	-	**195,263,227**
Hong Leong Bank Berhad	1.00	967,739,600	603,200	(126,700)	**968,216,100**
Hong Leong MSIG Takaful Berhad (formerly known as Hong Leong Tokio Marine Takaful Berhad)	1.00	65,000,000	35,000,000	(35,000,000)	**65,000,000**
Hong Leong Assurance Berhad	1.00	200,000,000	-	(60,000,000)	**140,000,000** (9)
HLI	0.50	198,269,837 (8)	170,935,068 (8)(15)	(123,068,302) (8)(12)	**246,136,603** (8)
Hong Leong Yamaha Motor Sdn Bhd					
- Ordinary shares	1.00	17,352,872	-	-	**17,352,872**
- Redeemable preference shares	1.00	-	6,941	-	**6,941**
Guocera Tile Industries (Meru) Sdn Bhd	1.00	19,600,000	-	-	**19,600,000**
Hong Leong Maruken Sdn Bhd (In members' voluntary liquidation)	1.00	1,750,000	-	-	**1,750,000**
Guocera Tile Industries (Labuan) Sdn Bhd	1.00	6,545,001	-	-	**6,545,001**
Varinet Sdn Bhd (In members' voluntary liquidation)	1.00	10,560,627	-	-	**10,560,627**
RZA Logistics Sdn Bhd	1.00	7,934,247	-	-	**7,934,247**
Guocera Tile Industries (Vietnam) Co., Ltd	(5)	-	5,286,500	-	**5,286,500**

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	As at 1.7.2010	Acquired	Sold	As at 30.6.2011
	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds				
Interests of YBhg Tan Sri Quek Leng Chan in: cont'd					
MPI	0.50	133,601,009	92,301,226 (8)(10)	(23,400)	**110,245,457** (8)
			4,168,925 (13)	(119,802,303) (11)	
Carter Realty Sdn Bhd	1.00	7	-	-	**7**
Carsem (M) Sdn Bhd					
- Ordinary shares	1.00	84,000,000	-	-	**84,000,000**
- Redeemable preference shares	100.00	22,400	-	-	**22,400**
Narra Industries Berhad	1.00	38,314,000	-	-	**38,314,000**
Guoco Group Limited	USD0.50	235,798,529	-	-	**235,798,529**
GuocoLand Limited	(1)	614,133,274 (8)	205,111,089 (8)(15)	-	**819,244,363** (8)
		8,461,946 *	-	(94,625) *	**8,724,438** *(16)
First Garden Development Pte Ltd	(1)	63,000,000	-	-	**63,000,000**
Sanctuary Land Pte Ltd	(1)	90,000	-	-	**90,000**
Beijing Minghua Property Development Co., Ltd (In members' voluntary liquidation)	(2)	150,000,000	-	-	**150,000,000**
Shanghai Xinhaozhong Property Development Co., Ltd	(3)	19,600,000	-	-	**19,600,000**
Nanjing Xinhaoning Property Development Co., Ltd	(3)	11,800,800	-	-	**11,800,800**
Nanjing Xinhaoxuan Property Development Co., Ltd	(3)	11,800,800	-	-	**11,800,800**
Nanjing Mahui Property Development Co., Ltd	(2)	271,499,800	-	-	**271,499,800**
Beijing Cheng Jian Dong Hua Real Estate Development Company Limited	(2)	50,000,000	-	-	**50,000,000**

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	As at 1.7.2010	Acquired	Sold	As at 30.6.2011
	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds				
Interests of YBhg Tan Sri Quek Leng Chan in: cont'd					
Belmeth Pte Ltd	[1]	-	40,000,000	-	**40,000,000**
Guston Pte Ltd	[1]	-	8,000,000	-	**8,000,000**
Perfect Eagle Pte Ltd	[1]	1	23,999,999	-	**24,000,000** [9]
Lam Soon (Hong Kong) Limited	HKD1.00	140,008,659	-	-	**140,008,659**
Kwok Wah Hong Flour Company Limited	HKD100.00	9,800	-	-	**9,800**
M.C. Packaging Offshore Limited	HKD0.01	812,695	-	-	**812,695**
Guangzhou Lam Soon Food Products Limited	[4]	6,570,000	-	-	**6,570,000**
GuocoLand (Malaysia) Berhad	0.50	466,555,616 [8]	-	(10,500,000) [8]	**456,055,616**
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	277,000,000	-	-	**277,000,000**
JB Parade Sdn Bhd					
- Ordinary shares	1.00	28,000,000	-	-	**28,000,000**
- Redeemable preference shares	0.01	68,594,000	-	-	**68,594,000**
GuocoLeisure Limited	USD0.20	907,809,425	10,692,000	-	**918,501,425**
Bondway Properties Limited (In members' voluntary liquidation)					
- Ordinary voting shares	GBP1.00	1,134,215	-	(1,134,215) [20]	**-**
- Ordinary non-voting shares	GBP1.00	10,332	-	(10,332) [20]	**-**
The Rank Group Plc	GBP13$^{8/9}$p	220,225,312 [17]	45,819,079 [18]	-	**266,044,391**
Park House Hotel Limited	GBP10p	2,883,440 [17]	-	-	**2,883,440**
Interest of Mr Quek Chee Hoon in:					
GuocoLand (Malaysia) Berhad	0.50	1,000,000 [7]	-	-	**1,000,000** [7]

DIRECTORS' INTERESTS cont'd

	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds				
	Nominal value per share RM	**As at 1.7.2010**	**Acquired**	**Sold**	**As at 30.6.2011**
Interests of Mr Poh Yang Hong in:					
Hong Leong Bank Berhad	1.00	15,000	-	-	**15,000**
GuocoLand Limited	(1)	777,000	1,144,000 (15)	-	**1,921,000**
GuocoGroup Limited	USD0.50	-	175,000	-	**175,000**

Legend:

(1) Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005
(2) Capital contribution in RMB
(3) Capital contribution in USD
(4) Capital contribution in HKD
(5) Capital contribution in VND
(6) Adjustments made to the outstanding share options arising from rights issue
(7) Shares held pursuant to Section 134(12)(c) of the Companies Act, 1965
(8) Inclusive of shares held pursuant to Section 134(12)(c) of the Companies Act, 1965
(9) Became a non wholly-owned subsidiary during the financial year
(10) Entitlement to MPI shares pursuant to capital distribution by HLI to entitled shareholders of HLI via a reduction of the share capital and cancellation of the share premium reserve of HLI
(11) Capital distribution by HLI to entitled shareholders of HLI
(12) Cancellation pursuant to a reduction of share capital
(13) Acquired from trusts set up for an approved executive share option scheme
(14) Shares acquired from rights issue
(15) Inclusive of shares acquired from rights issue
(16) After adjustment of the conversion price of the convertible bonds
(17) Shareholding as at 7 June 2011 as the corporation became a related corporation
(18) Acceptances received for shares in respect of mandatory cash offer
(19) Exercise of share options
(20) Dissolved during the financial year

None of the other directors in office at the end of the financial year had any interest in the ordinary shares, preference shares, options over ordinary shares or convertible bonds in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted under the Executive Share Option Scheme.

DIRECTORS' BENEFITS cont'd

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for YBhg Tan Sri Quek Leng Chan who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or the provision of construction contracts, leases, tenancy, dealership and distributorship agreements; and/or the provision of treasury functions, advances in the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Company or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests; and YBhg Dato' Ong Joo Theam who may be deemed to derive a benefit by virtue of the provision of legal services to the Company and its related corporations; and as disclosed in Note 41 to the financial statements.

OTHER STATUTORY INFORMATION

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

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

(b) At the date of this report, the directors are not aware of any circumstances which would render:

 (i) the amount 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; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

OTHER STATUTORY INFORMATION cont’d

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

YEOW WAI SIAW **TAN KEOK YIN**

Kuala Lumpur
22 August 2011

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Yeow Wai Siaw and Tan Keok Yin, being two of the directors of GuocoLand (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 51 to 126 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of 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 at 30 June 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 44 on page 127 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 on behalf of the Board in accordance with a resolution of the directors.

YEOW WAI SIAW

TAN KEOK YIN

Kuala Lumpur
22 August 2011

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Soon Yeong Chyan, being the officer primarily responsible for the financial management of GuocoLand (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 51 to 127 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 Soon Yeong Chyan
at Kuala Lumpur in the Federal
Territory on 22 August 2011

SOON YEONG CHYAN

Before me,

VALLIAMAH A/P PERIAN
Pesuruhjaya Sumpah
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report
to the Members of GuocoLand (Malaysia) Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of GuocoLand (Malaysia) Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 126.

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia, 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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 Financial Reporting Standards 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 at 30 June 2011 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 (the "Act") 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 37 to the financial statements, being financial statements that have been included in the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS cont'd

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 44 on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

KUA CHOO KAI
No. 2030/03/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
22 August 2011

Income Statements

for the financial year ended 30 June 2011

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	**142,770**	160,521	**10,978**	10,385
Cost of sales	5	**(96,716)**	(120,031)	**-**	-
Gross profit		**46,054**	40,490	**10,978**	10,385
Other operating income	6	**3,842**	24,128	**203**	54
Distribution cost and marketing expenses		**(3,556)**	(2,948)	**-**	-
Administrative expenses		**(34,878)**	(31,914)	**(5,454)**	(4,904)
Other operating expenses		**(1,313)**	(7,385)	**-**	-
Profit from operations		**10,149**	22,371	**5,727**	5,535
Interest income	7	**653**	231	**8,777**	10,397
Finance costs	8	**(25,916)**	(23,456)	**(11,059)**	(8,684)
Share of results of associates		**9,253**	6,378	**-**	-
Share of results of jointly controlled entities		**27,225**	4,847	**-**	-
Profit before tax	9	**21,364**	10,371	**3,445**	7,248
Income tax expense	12	**(275)**	322	**(956)**	(858)
Profit net of tax		**21,089**	10,693	**2,489**	6,390
Attributable to:					
Owners of the Company		**19,959**	13,964	**2,489**	6,390
Non-controlling interests		**1,130**	(3,271)	**-**	-
		21,089	10,693	**2,489**	6,390
Earnings per share attributable to owners of the Company:					
Basic and diluted (sen)	13	**2.98**	2.08		
Net dividend per share (sen)	14	**1.50**	1.50		

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

Statements of Comprehensive Income

for the financial year ended 30 June 2011

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit net of tax	**21,089**	10,693	**2,489**	6,390
Fair value gain on available-for-sale investments	**2,610**	-	**-**	-
Foreign currency translation	**(769)**	-	**-**	-
Share of other comprehensive income of associates	**-**	(285)	**-**	-
Total comprehensive income for the year	**22,930**	10,408	**2,489**	6,390
Attributable to:				
Owners of the Company	**21,800**	13,679	**2,489**	6,390
Non-controlling interests	**1,130**	(3,271)	**-**	-
	22,930	10,408	**2,489**	6,390

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

Statements of Financial Position
as at 30 June 2011

		GROUP			COMPANY	
		30.6.2011	30.6.2010	1.7.2009	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
			Restated	Restated		
NON-CURRENT ASSETS						
Property, plant and equipment	15	**228,626**	357,019	361,912	**339**	515
Investment properties	16	**241,256**	107,000	107,000	**-**	-
Land held for property development	17	**65,568**	63,724	62,160	**-**	-
Investments in subsidiaries	18	**-**	-	-	**545,411**	545,411
Investments in associates	19	**102,148**	93,665	92,970	**-**	-
Investments in jointly controlled entities	20	**333,178**	307,534	315,632	**56,000**	56,000
Available-for-sale investments	21	**7,673**	4,989	5,397	**-**	-
Goodwill on consolidation	22	**15,118**	15,915	17,732	**-**	-
Deferred tax assets	23	**2,936**	2,246	1,186	**-**	-
		996,503	952,092	963,989	**601,750**	601,926
CURRENT ASSETS						
Inventories	24	**451,535**	471,283	520,646	**-**	-
Property development costs	25	**197,626**	219,967	223,825	**-**	-
Trade and other receivables	26	**42,511**	43,294	47,834	**267,379**	231,709
Other current assets	27	**1,241**	1,556	1,257	**-**	-
Tax recoverable		**2,916**	2,761	4,863	**1,922**	1,610
Deposits, cash and bank balances	29	**132,123**	25,038	25,828	**2,078**	86
		827,952	763,899	824,253	**271,379**	233,405
TOTAL ASSETS		**1,824,455**	1,715,991	1,788,242	**873,129**	835,331

		GROUP			COMPANY	
		30.6.2011	**30.6.2010**	**1.7.2009**	**2011**	**2010**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
			Restated	**Restated**		
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	30	**350,229**	350,229	350,229	**350,229**	350,229
Reserves	31	**451,401**	439,649	442,336	**147,825**	155,384
Equity funds		**801,630**	789,878	792,565	**498,054**	505,613
Shares held by ESOS Trust	32	**(23,883)**	(23,883)	(23,883)	**(23,883)**	(23,883)
		777,747	765,995	768,682	**474,171**	481,730
Non-controlling interests		**77,517**	76,387	74,604	**-**	-
TOTAL EQUITY		**855,264**	842,382	843,286	**474,171**	481,730
NON-CURRENT LIABILITIES						
Due to subsidiaries	33	**-**	-	-	**126,221**	136,207
Long term borrowings	34	**544,264**	224,147	493,414	**4,000**	7,000
Deferred tax liabilities	23	**15,576**	16,479	18,300	**-**	-
		559,840	240,626	511,714	**130,221**	143,207
CURRENT LIABILITIES						
Trade and other payables	35	**61,486**	76,905	116,778	**93,237**	44,775
Progress billings in respect of property development costs		**9,853**	488	671	**-**	-
Short term borrowings	34	**337,688**	555,590	314,729	**175,500**	165,619
Tax payable		**324**	-	1,064	**-**	-
		409,351	632,983	433,242	**268,737**	210,394
TOTAL LIABILITIES		**969,191**	873,609	944,956	**398,958**	353,601
TOTAL EQUITY AND LIABILITIES		**1,824,455**	1,715,991	1,788,242	**873,129**	835,331

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

Statements of Changes in Equity

for the financial year ended 30 June 2011

	Attributable to Owners of the Company							Non-Controlling Interests	Total Equity
		Non-Distributable				Distributable			
	Share capital (Note 30)	Share premium (Note 31)	Exchange reserve (Note 31)	Fair Value reserve (Note 31)	Shares held by ESOS Trust (Note 32)	Retained profits (Note 31)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP									
At 1 July 2009	350,229	35,089	6,318	-	(23,883)	400,929	768,682	74,604	843,286
Total comprehensive income for the year	-	-	-	-	-	13,679	13,679	(3,271)	10,408
Realised exchange recognised on dissolution of a subsidiary	-	-	(6,318)	-	-	-	(6,318)	5,054	(1,264)
Transaction with owners:									
Dividend paid (Note 14)	-	-	-	-	-	(10,048)	(10,048)	-	(10,048)
At 30 June 2010	**350,229**	**35,089**	**-**	**-**	**(23,883)**	**404,560**	**765,995**	**76,387**	**842,382**
Total comprehensive income for the year	**-**	**-**	**(769)**	**2,610**	**-**	**19,959**	**21,800**	**1,130**	**22,930**
Transaction with owners:									
Dividend paid (Note 14)	**-**	**-**	**-**	**-**	**-**	**(10,048)**	**(10,048)**	**-**	**(10,048)**
At 30 June 2011	**350,229**	**35,089**	**(769)**	**2,610**	**(23,883)**	**414,471**	**777,747**	**77,517**	**855,264**

	Non-Distributable				Distributable	
	Share capital (Note 30)	Share premium (Note 31)	Merger reserve (Note 31)	Shares held by ESOS Trust (Note 32)	Retained profits (Note 31)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COMPANY						
At 1 July 2009	350,229	35,089	68,219	(23,883)	55,734	485,388
Total comprehensive income for the year	-	-	-	-	6,390	6,390
Transaction with owners:						
Dividend paid (Note 14)	-	-	-	-	(10,048)	(10,048)
At 30 June 2010	**350,229**	**35,089**	**68,219**	**(23,883)**	**52,076**	**481,730**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,489**	**2,489**
Transaction with owners:						
Dividend paid (Note 14)	**-**	**-**	**-**	**-**	**(10,048)**	**(10,048)**
At 30 June 2011	**350,229**	**35,089**	**68,219**	**(23,883)**	**44,517**	**474,171**

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

Statements of Cash Flows
for the financial year ended 30 June 2011

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**21,364**	10,371	**3,445**	7,248
Adjustments for:				
Depreciation of property, plant and equipment	**6,023**	9,346	**94**	160
Gain on disposal of a jointly controlled entity	**-**	(22,712)	**-**	-
Gain on disposal of property, plant and equipment	**(246)**	(7)	**(181)**	-
Gain on dissolution of a subsidiary	**-**	(1,264)	**-**	-
Interest expense	**25,916**	23,456	**11,059**	8,684
Reversal of goodwill	**797**	1,817	**-**	-
Allowance for impairment - trade and other receivables	**86**	2,087	**-**	-
Allowance for impairment written back - trade and other receivables	**(442)**	(39)	**-**	-
Impairment loss on available-for-sale investments	**-**	408	**-**	-
Reversal of impairment loss on property development costs	**(13,696)**	-	**-**	-
Property, plant and equipment written off	**98**	3,985	**-**	-
Share of results of associates	**(9,253)**	(6,378)	**-**	-
Share of results of jointly controlled entities	**(25,644)**	(4,194)	**-**	-
Dividend income	**-**	-	**(9,863)**	(9,250)
Interest income	**(653)**	(231)	**(8,777)**	(10,397)
Operating profit/(loss) before working capital changes	**4,350**	16,645	**(4,223)**	(3,555)
Working capital changes:				
Inventories	**19,748**	49,363	**-**	-
Due from contract customers	**280**	-	**-**	-
Receivables	**(3,781)**	6,669	**(39)**	(23)
Property development costs	**35,748**	6,772	**-**	-
Payables	**(5,250)**	(40,081)	**419**	357
Associates balances	**(4)**	2	**-**	-
Jointly controlled entities balances	**5,571**	(5,097)	**63**	(179)
Inter-company balances	**-**	-	**12,183**	12,129
Related company balances	**(1,416)**	1,315	**30**	81
Cash generated from operations	**55,246**	35,588	**8,433**	8,810
Interest paid	**(33,149)**	(29,941)	**(11,046)**	(8,684)
Tax paid	**(1,699)**	(1,521)	**(1,268)**	(233)
Net cash generated from/(used in) operating activities	**20,398**	4,126	**(3,881)**	(107)

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment (Note a)	**(6,539)**	(6,410)	**(14)**	(367)
Acquisitions of additional interest in an associate	**(5,103)**	(213)	**-**	-
Additional investments in subsidiaries	**-**	-	**-**	(2,800)
Additions in land held for property development	**(8)**	(52)	**-**	-
Dividend income from an associate	**5,873**	5,611	**-**	-
Purchase of investment securities	**(74)**	-	**-**	-
Proceeds from disposals of:				
- a jointly controlled entity	**-**	35,004	**-**	-
- property, plant and equipment	**487**	38	**277**	-
Interest received	**653**	231	**8,777**	10,397
Net cash (used in)/generated from investing activities	**(4,711)**	34,209	**9,040**	7,230
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank borrowings drawdown	**524,110**	84,176	**58,800**	60,000
Repayment of bank borrowings	**(416,181)**	(118,313)	**(48,000)**	(60,600)
Dividend paid	**(10,048)**	(10,048)	**(10,048)**	(10,048)
Net cash generated from/(used in) financing activities	**97,881**	(44,185)	**752**	(10,648)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**113,568**	(5,850)	**5,911**	(3,525)
Effect of exchange rate changes on cash and cash equivalents	**(769)**	-	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**14,721**	20,571	**(3,833)**	(308)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note b)	**127,520**	14,721	**2,078**	(3,833)

Notes:

(a) Additions of property, plant and equipment comprise the following:

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cash	**6,539**	6,410	**14**	367
Borrowing costs capitalised	**2,706**	2,059	**-**	-
Total additions (Note 15)	**9,245**	8,469	**14**	367

(b) Cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits, cash and bank balances (Note 29)	**132,123**	25,038	**2,078**	86
Bank overdrafts (Note 34)	**(4,603)**	(10,317)	**-**	(3,919)
	127,520	14,721	**2,078**	(3,833)

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

Notes to the Financial Statements
30 June 2011

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur. The principal place of business of the Company is located at Level 8, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur.

The immediate holding company is GLL (Malaysia) Pte Ltd, incorporated in the Republic of Singapore. The ultimate holding company is Hong Leong Company (Malaysia) Berhad (“HLCM”), incorporated in Malaysia.

Related companies in these financial statements refer to member companies in the HLCM Group.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are property development, property investment, hotel operations, investment holding, trading in securities and provision of management services and property-related services. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 August 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRS”) and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 July 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

2.2 Changes in accounting policies

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

On 1 July 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual periods beginning on or after 1 January 2010, 1 March 2010 and 1 July 2010:

- FRS 1 : First-time Adoption of Financial Reporting Standards
- FRS 3 : Business Combinations (revised)
- FRS 7 : Financial Instruments: Disclosures
- FRS 101 : Presentation of Financial Statements (revised)
- FRS 123 : Borrowing Costs
- FRS 127 : Consolidated and Separate Financial Statements (amended)
- FRS 139 : Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards and FRS 127 : Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Changes in accounting policies cont'd

- Amendments to FRS 2 : Share-based Payment
- Amendments to FRS 2 : Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 132 : Financial Instruments: Presentation
- Amendments to FRS 132 : Financial Instruments: Classification of Rights Issues
- Amendments to FRS 138 : Intangible Assets
- Amendments to FRS 7 : Financial Instruments: Disclosures
- Amendments to FRSs [Improvements to FRS (2009)]
- IC Interpretation 10 : Interim Financial Reporting and Impairment

The following new and amended FRSs and IC Interpretations are also effective for annual periods beginning on or after 1 January 2010 and 1 July 2010, however, are not applicable to the Group and the Company:

- FRS 4 : Insurance Contracts
- IC Interpretation 9 : Reassessment of Embedded Derivatives
- IC Interpretation 12 : Service Concession Arrangements
- IC Interpretation 13 : Customer Loyalty Programmes
- IC Interpretation 14 : FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 : Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives
- TR i-3 : Presentation of Financial Statements of Islamic Financial Institutions

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

FRS 7 : Financial Instruments: Disclosures

Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 : Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 30 June 2011.

FRS 101 : Presentation of Financial Statements (revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Changes in accounting policies cont'd

FRS 101 : Presentation of Financial Statements (revised) cont'd

The Group and the Company have elected to present this statement in two linked statements. In addition, a statement of financial position is required at the beginning of the earlier comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital (Note 39).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 : Leases [Improvements to FRS (2009)]

Prior to 1 July 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 : Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

The following are the effects to the statements of financial position as at 30 June 2011 arising from the above change in accounting policy:

	GROUP 2011 RM'000
Increase/(decrease) in:	
Property, plant and equipment	4,290
Leasehold land use right	(4,290)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Changes in accounting policies cont'd

Amendments to FRS 117 : Leases [Improvements to FRS (2009)] cont'd

The following comparatives have been restated:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statements of financial position			
GROUP			
30 June 2010			
Property, plant and equipment	352,672	4,347	357,019
Leasehold land use right	4,347	(4,347)	-
1 July 2009			
Property, plant and equipment	357,510	4,402	361,912
Leasehold land use right	4,402	(4,402)	-

FRS 139 : Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained profits as at 1 July 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are disclosed below.

- *Impairment of trade receivables*

  Prior to 1 July 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 July 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the adoption did not have material impact on the financial performance or position of the Group and of the Company.

- *Non-current payables and retention sum payables*

  Non-current payables and retention sum payables are recognised at their original invoice amounts which represent their fair values on initial recognition. Payables which are expected to be paid in a future period are recognised at amortised cost upon the adoption of FRS 139. The amortised cost is measured based on the present value of the estimated future cash flows discounted at the applicable market interest rate at the time of progress claims are recognised in the trade payables. As at 1 July 2010, the amortisation costs being the difference between the carrying amount and the present value is not material and no adjustments being made to the opening balance of retained profits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Changes in accounting policies cont'd

Amendments to FRS 140 : Investment Property [Improvements to FRS (2009)]

On 1 July 2010, the Group adopted the amendments to FRS 140 : Investment Property which arose from the Improvements to FRSs issued in 2009. The Group applied the amendments prospectively.

In the previous financial years, the Group had properties under construction which were accounted for as property, plant and equipment. During the current financial year, the Group decided that certain properties under construction, upon completion, would be held as investment properties. Accordingly, based on the amendments to FRS 140, these properties under construction are reclassified from property, plant and equipment to investment properties as investment properties under construction ("IPUC") and are measured at fair value with changes in fair value being recognised in the income statement when fair value can be determined reliably. However, where the fair value is not reliably determinable, the IPUC are measured at cost until the earlier of the date the construction is completed or the date at which the fair value becomes reliably determinable.

FRS 3 : Business Combinations (revised)

The revised FRS 3 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the early adoption of the revised FRS 3 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;

- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;

- The Group elects, for each acquisition of a business, whether to measure non-controlling interest (previously described as minority interests) at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, and this impacts the amount of goodwill recognised; and

- When a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 3 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 July 2010 are not adjusted.

FRS 127 : Consolidated and Separate Financial Statements (amended)

Changes in significant accounting policies resulting from the adoption of the revised FRS 127 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Changes in accounting policies cont'd

FRS 127 : Consolidated and Separate Financial Statements (amended) cont'd

- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity, and

- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. The changes will affect future transactions with non-controlling interest.

2.3 Standards and interpretations issued but not yet effective

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the following amendments to FRSs and IC Interpretations (collectively referred to as "Pronouncements") that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendment to FRS 1 : Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 : Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2 : Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7 : Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRSs (2010)	1 January 2011
IC Interpretation 4 : Determining Whether an Arrangement contains a Lease	1 January 2011
Amendments to IC Interpretation 13 : Customer Loyalty Programmes [Improvements to FRSs (2010)]	1 January 2011
IC Interpretation 18 : Transfer of Assets from Customers	1 January 2011
Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124 : Related Party Disclosures	1 January 2012
IC Interpretation 15 : Agreements for the Construction of Real Estate	1 January 2012

The Group and the Company plan to adopt the Pronouncements when they become effective in the respective financial periods. Unless otherwise described below, the Pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Standards and interpretations issued but not yet effective cont'd

IC Interpretation 15 : Agreements for the Construction of Real Estate

IC Interpretation 15 ("IC 15") clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 : Construction Contracts or FRS 118 : Revenue.

In Malaysia, the terms of the Sales and Purchase Agreement ("SPA") are dictated by the Housing Development (Control and Licensing) Act, 1966. Under the SPA, the risks and rewards of ownership of the asset are passed to the buyer at delivery and not continuously as construction progresses. In applying IC 15, the Group is required to recognise the revenue from property development activities on a completion basis. The change will be applied retrospectively. The impact of IC 15 cannot be reasonably estimated due to the uncertainties surrounding the expectation of future sales and fluctuation of development cost.

2.4 Subsidiaries and basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

(b) Basis of consolidation

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

Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries, as disclosed in Note 37, which were consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, the generally accepted accounting principles prevailing at that time. These subsidiaries continue to be consolidated using the merger method of accounting. In the Company's separate financial statements, the cost of investment in subsidiaries continues to be stated at the nominal value of the shares issued as consideration as the fair value of the shares at their respective dates of acquisition could not be determined with reasonable certainty.

(i) Under the 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 effective 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 consolidated financial statements. The difference between the acquisition costs and these values are reflected as goodwill or negative goodwill as appropriate. Goodwill on consolidation is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.16. Negative goodwill is recognised immediately in income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.4 Subsidiaries and basis of consolidation cont'd

(b) Basis of consolidation cont'd

(ii) Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition over the nominal value of the share capital and share premium of the subsidiaries are written off against reserves.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any balance of goodwill and exchange differences which were not previously recognised in consolidated income statement.

2.5 Transactions with non-controlling interest

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

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

2.6 Associates

An associate is an entity, not being a subsidiary or a jointly controlled entity, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.6 Associates cont'd

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in income statement.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

2.7 Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the jointly controlled entities. The Group's share of results of jointly controlled entities are included in the consolidated financial statements from the date of formation of the jointly controlled entities and up to the date of completion of the projects under the equity method.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the assets transferred.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies to be in line with those of the Group.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

2.8 Financial assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.8 Financial assets cont'd

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

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

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

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

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.8 Financial assets cont'd

(d) Available-for-sale financial assets cont'd

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

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

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

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

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

2.9 Impairment of financial assets

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.9 Impairment of financial assets cont'd

(a) Trade and other receivables and other financial assets carried at amortised cost cont'd

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

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

(b) Available-for-sale financial assets

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

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

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

2.10 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.11 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.11 Foreign currency cont'd

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.12 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. 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 income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.12 Property, plant and equipment and depreciation cont'd

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under development are also not depreciated as these assets are not yet available for use. Long term leasehold land is amortised over the lease tenure of 93 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Building service plant and equipment	10% - 33%
Furniture and fittings	5% - 10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

2.13 Investment properties and investment properties under construction ("IPUC")

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties.

Gains or losses arising from changes in the fair values of investment properties are recognised in income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in income statement in the year of retirement or disposal.

IPUC is measured at fair value (when the fair value is reliably determinable). IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair values of IPUC are determined at the end of the reporting period based on valuations performed using either the residual method approach or discounted cash flow approach. Each IPUC is individually assessed.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.14 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is reclassified as property development costs under current asset at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

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

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

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

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

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within current asset and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within current liabilities.

2.15 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.15 Construction contracts cont'd

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

2.16 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in income statement except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in income statement unless the asset is measured at revalued amount, in which case, the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.17 Inventories

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

Cost is determined using the weighted average method. Costs for trading inventories and consumables comprise costs of purchase.

Completed development properties are stated at the lower of cost and net realisable value. Cost comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Costs of properties held for sale are determined on the specific identification basis and include cost of land, construction and appropriate development overheads.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term highly liquid investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.19 Provisions

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

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

2.20 Financial liabilities

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

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

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

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

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

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

(b) Other financial liabilities

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.20 Financial liabilities cont'd

(b) Other financial liabilities cont'd

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process.

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

2.21 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.22 Borrowing costs

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

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

2.23 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.23 Income tax cont'd

Deferred tax is measured at the tax rates that are expected to apply in 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 as income or an expense and included in the profit or loss for the period except when it arises from a transaction which is recognised directly in equity, in which case, the deferred tax is also recognised directly in 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 or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2.24 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding years. Such contributions are recognised as an expense in the income statement as incurred. As required by laws, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

(c) Equity compensation benefits

The Company offers an Executive Share Option Scheme ("ESOS" or "Scheme") for the benefit of eligible executives.

Pursuant to the Scheme, a trustee was appointed and who is entitled from time to time to accept financial assistance from the Company, its subsidiaries or a third party upon such terms and conditions as the Company its trustee may agree, to purchase the Company's shares from the open market for the purpose of the Scheme.

The shares repurchased are measured and carried at the cost of repurchase on initial recognition and subsequently. The ESOS Trust is consolidated into the Group's consolidated financial statements as a deduction from equity and classified as "shares held by ESOS Trust". Dividends received by the ESOS Trust are eliminated against the dividend expense of the Company.

2.25 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.25 Revenue recognition cont'd

(b) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.14.

(c) Property inventories

Revenue from sale of property inventories is recognised when the significant risks and rewards of ownership of the property have been passed to the buyer.

(d) Dividend income

Dividend income arising from investments in subsidiaries, jointly controlled entities, associate, long term investments and short term investments are recognised when the rights to receive payment are established.

(e) Rental income

Revenue from rental of properties are recognised on the accrual basis unless collectability is in doubt, in which case, they are recognised on receipt basis.

(f) Hotel income

Revenue from hotel operations is recognised net of service taxes and discounts upon rendering of the relevant services.

(g) Interest income

Interest income is recognised on the accrual basis unless the collectability is in doubt, in which case, it is recognised on receipt basis.

(h) Management fee income

Management fee income is recognised on the accrual basis unless the collectability is in doubt, in which case, it is recognised on receipt basis.

2.26 Lease

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.26 Lease cont'd

(a) As lessee cont'd

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.25(e).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical judgements made in applying accounting policies

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

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

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

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

(ii) Operating lease commitments – the Group as lessor

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES cont'd

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

(i) Depreciation of hotel buildings

The cost of buildings are depreciated on a straight-line basis over 50 years with no residual values assumed at the end of their respective useful lives. This is due to the intention of management to continue running the hotel operations until the end of the respective expected useful lives. Changes in the upkeep and maintenance policies could impact the economic useful lives and the residual values of these assets and therefore, future depreciation charges could be revised.

(ii) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Any impairment or expected loss on a development project is recognised as an expense immediately.

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

(iii) Income taxes

(a) Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(b) Significant judgement and estimates are used in arriving at taxable profits for the year and for prior years, including assessing the deductibility of expense items for tax purposes. Management are guided by tax laws/cases on such instances. Management believes that all deductions claimed, in arriving at taxable profits for current and prior years, are appropriate and justifiable.

(iv) Unsold property inventories

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

Significant judgement is required in arriving at the net realisable value, particularly the estimated selling price of property inventories in the ordinary course of the business. The Group has considered all available information, including but not limited to property market conditions, locations of property inventories and target buyers.

Details of property inventories are disclosed in Note 24.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES cont'd

(b) Key sources of estimation uncertainty cont'd

(v) Revaluation of investment property and investment property under construction ("IPUC")

Investment property includes (i) completed investment property; and (ii) IPUC. Completed investment property comprises real estate (land or building, or both) held by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

In this financial year, the Group has adopted the amendments to FRS 140. Consequently, IPUC is valued at fair value if it can be reliably determined. If a fair value cannot be reliably determined, then IPUC is measured at cost. The fair value of IPUC is either determined on the basis of the discounted cash flow or the residual methods. However, using either method to value IPUC also requires considering the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

4. REVENUE

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Contract revenue (Note 28)	**-**	1,951	**-**	-
Revenue from property development activities	**49,325**	46,749	**-**	-
Sale of property inventories	**27,954**	58,438	**-**	-
Rental of properties	**6,423**	5,901	**-**	-
Revenue from hotel operations	**50,824**	40,819	**-**	-
Dividends income from subsidiaries	**-**	-	**9,863**	9,250
Management fees	**8,244**	6,663	**1,115**	1,135
	142,770	160,521	**10,978**	10,385

5. COST OF SALES

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Contract costs (Note 28)	**280**	2,158	**-**	-
Property development costs	**27,557**	29,908	**-**	-
Cost of property inventories sold (Note 24)	**23,639**	49,689	**-**	-
Services rendered	**45,240**	38,276	**-**	-
	96,716	120,031	**-**	-

Included in cost of sales of property development costs is reversal of impairment loss upon sales of properties amounted to RM11,130,000 during the current financial year.

6. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Gain on dissolution of a subsidiary	**-**	1,264	**-**	-
Gain on disposal of a jointly controlled entity	**-**	22,712	**-**	-
Gain on disposal of property, plant and equipment	**246**	7	**181**	-
Reversal of impairment loss on property development costs (Note 25)	**2,566**	-	**-**	-
Allowance for impairment written back - trade and other receivables	**442**	39	**-**	-
Others	**588**	106	**22**	54
	3,842	24,128	**203**	54

7. INTEREST INCOME

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income from:				
- subsidiaries	**-**	-	**8,767**	10,392
- others	**653**	231	**10**	5
	653	231	**8,777**	10,397

8. FINANCE COSTS

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- loans and borrowings	**25,237**	22,906	**7,428**	5,854
- subsidiaries	**-**	-	**3,425**	2,597
- others	**679**	550	**206**	233
	25,916	23,456	**11,059**	8,684

9. PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration				
- statutory audit	**195**	198	**52**	52
- under provided in previous year	**2**	8	**-**	-
Direct operating expenses of income generating investment properties	**2,674**	2,889	**-**	-
Depreciation of property, plant and equipment (Note 15)	**6,023**	9,346	**94**	160
Employee benefits expense (Note 10)	**27,614**	23,616	**3,086**	2,439
Directors' remuneration (Note 11)	**1,429**	949	**1,349**	921
Office rent	**2,346**	2,346	**235**	235
Property, plant and equipment written off	**98**	3,985	**-**	-
Reversal of goodwill (Note 22)	**797**	1,817	**-**	-
Impairment loss on available-for-sale investments	**-**	408	**-**	-
Allowance for impairment - trade and other receivables	**86**	2,087	**-**	-

10. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and wages	**22,627**	18,909	**2,458**	1,895
Defined contribution plans	**2,432**	2,018	**294**	245
Social security contributions	**235**	156	**25**	20
Other benefits	**2,320**	2,533	**309**	279
	27,614	23,616	**3,086**	2,439

11. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	**789**	498	**790**	498
Defined contribution plans	**95**	60	**95**	60
Fees	**101**	88	**60**	60
	985	646	**945**	618
Estimated money value of benefits-in-kind	**24**	21	**24**	21
	1,009	667	**969**	639
Non-Executive:				
Fees	**340**	202	**300**	202
Other emoluments	**80**	80	**80**	80
	420	282	**380**	282
Total directors' remuneration (Note 9)	**1,429**	949	**1,349**	921

The number of directors of the Company whose total remuneration during the year falls within the following bands is analysed below:

	Number of directors	
	2011	2010
Executive directors:		
RM50,000 and below	**-**	1
RM50,001 - RM100,000	**1**	1
RM100,001 - RM500,000	**-**	-
RM500,001 - RM550,000	**-**	1
RM550,001 - RM900,000	**-**	-
RM900,001 - RM950,000	**1**	-
	2	3
Non-Executive directors:		
RM50,000 and below	**2**	2
RM50,001 - RM100,000	**4**	3
	6	5

12. INCOME TAX EXPENSE

The major tax components of income tax expense/(benefit) for the financial years ended 30 June 2011 and 2010 are:

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	**1,285**	3,343	**970**	900
Under/(over) provision in prior years	**583**	(784)	**(14)**	(42)
	1,868	2,559	**956**	858
Deferred tax (Note 23)				
Relating to origination and reversal of temporary differences	**(1,613)**	(2,975)	**-**	-
Underprovision in prior years	**20**	94	**-**	-
	(1,593)	(2,881)	**-**	-
Income tax expense/(benefit) for the year	**275**	(322)	**956**	858

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

12. INCOME TAX EXPENSE cont'd

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense/(benefit) at the effective income tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	**21,364**	10,371	**3,445**	7,248
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	**5,341**	2,593	**861**	1,812
Tax effect on share of results of associates and jointly controlled entities	**(9,119)**	(2,806)	**-**	-
Income not subject to tax	**(677)**	(7,211)	**(45)**	(1,000)
Expenses not deductible for tax purposes	**2,421**	4,636	**154**	88
Utilisation of previously unrecognised deferred tax assets	**(526)**	(688)	**-**	-
Deferred tax assets not recognised during the year	**2,232**	3,844	**-**	-
Under/(over) provision of income tax expense in prior years	**583**	(784)	**(14)**	(42)
Underprovision of deferred tax in prior years	**20**	94	**-**	-
Income tax expense/(benefit) for the year	**275**	(322)	**956**	858

13. EARNINGS PER SHARE

The earnings per share has been calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year (net of ESOS Trust shares).

	GROUP	
	2011	**2010**
Profit attributable to owners of the Company (RM'000)	**19,959**	13,964
Weighted average number of ordinary shares in issue ('000)	**669,880**	669,880
Basic earnings per share (sen)	**2.98**	2.08

No diluted earning per share is presented as there was no granting of options under the ESOS during the financial year.

14. DIVIDEND

	Amount		Net dividend per share	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**Sen**	**Sen**
GROUP/COMPANY				
In respect of financial year ended 30 June 2010				
- Final dividend of 2 sen per share less 25% taxation paid on 3 November 2010	**10,048**	-	**1.50**	-
In respect of financial year ended 30 June 2009				
- Final dividend of 2 sen per share less 25% taxation paid on 3 November 2009	**-**	10,048	**-**	1.50
	10,048	10,048	**1.50**	1.50

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2011, of 2 sen per share less 25% taxation on 669,880,418 (net of ESOS Trust shares) ordinary shares of RM0.50 each, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend of RM10,048,206. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2012.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land RM'000	Hotel building on leasehold land RM'000	Freehold land and building under development RM'000	Building service plant and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
GROUP									
Cost									
At 1 July 2010 (as restated)	2,272	80,954	5,250	109,096	165,841	13,838	13,521	2,643	393,415
Additions	-	1,276	-	163	5,580	895	954	377	9,245
Disposals	-	-	-	-	-	-	-	(885)	(885)
Written off	-	-	-	-	-	(17)	(145)	-	(162)
Transferred to investment properties (Note 16)	-	-	-	-	(131,276)	-	-	-	(131,276)
At 30 June 2011	2,272	82,230	5,250	109,259	40,145	14,716	14,330	2,135	270,337
Accumulated depreciation									
At 1 July 2010 (as restated)	-	2,530	903	17,868	-	8,141	5,427	1,527	36,396
Charge for the year (Note 9)	-	1,277	57	1,427	-	1,489	1,407	366	6,023
Disposals	-	-	-	-	-	-	-	(644)	(644)
Written off	-	-	-	-	-	(1)	(63)	-	(64)
At 30 June 2011	-	3,807	960	19,295	-	9,629	6,771	1,249	41,711
Net carrying amount									
At 30 June 2011	2,272	78,423	4,290	89,964	40,145	5,087	7,559	886	228,626

15. PROPERTY, PLANT AND EQUIPMENT cont'd

	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land RM'000	Hotel building on leasehold land RM'000	Freehold land and building under development RM'000	Building service plant and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
GROUP									
Cost									
At 1 July 2009 (as previously stated)	2,272	95,028	-	110,602	163,003	24,855	22,879	2,117	420,756
Effect of adopting FRS 117	-	-	5,250	-	-	-	-	-	5,250
At 1 July 2009 (as restated)	2,272	95,028	5,250	110,602	163,003	24,855	22,879	2,117	426,006
Additions	-	501	-	271	2,838	2,238	1,810	811	8,469
Disposals	-	-	-	-	-	(9)	-	(174)	(183)
Written off:									
- Assets previously impaired	-	(13,667)	-	(18)	-	(12,671)	(9,159)	(8)	(35,523)
- others	-	(908)	-	(1,759)	-	(575)	(2,009)	(103)	(5,354)
At 30 June 2010 (restated)	2,272	80,954	5,250	109,096	165,841	13,838	13,521	2,643	393,415
Accumulated depreciation									
At 1 July 2009 (as previously stated)	-	-	-	14,862	-	6,828	4,691	1,342	27,723
Effect of adopting FRS 117	-	-	848	-	-	-	-	-	848
At 1 July 2009 (as restated)	-	-	848	14,862	-	6,828	4,691	1,342	28,571
Charge for the year (Note 9)	-	2,548	55	3,076	-	1,895	1,339	433	9,346
Disposals	-	-	-	-	-	(7)	-	(145)	(152)
Written off	-	(18)	-	(70)	-	(575)	(603)	(103)	(1,369)
At 30 June 2010 (restated)	-	2,530	903	17,868	-	8,141	5,427	1,527	36,396
Accumulated impairment losses									
At 1 July 2009	-	13,667	-	18	-	12,671	9,159	8	35,523
Written off	-	(13,667)	-	(18)	-	(12,671)	(9,159)	(8)	(35,523)
At 30 June 2010	-	-	-	-	-	-	-	-	-
Net carrying amount									
At 30 June 2010 (restated)	2,272	78,424	4,347	91,228	165,841	5,697	8,094	1,116	357,019
At 1 July 2009 (restated)	2,272	81,361	4,402	95,722	163,003	5,356	9,029	767	361,912

15. PROPERTY, PLANT AND EQUIPMENT cont'd

	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
COMPANY				
At 30 June 2011				
Cost				
At 1 July 2010	**783**	**85**	**288**	**1,156**
Additions	**-**	**14**	**-**	**14**
Disposals	**(438)**	**-**	**-**	**(438)**
At 30 June 2011	**345**	**99**	**288**	**732**
Accumulated depreciation				
At 1 July 2010	**411**	**47**	**183**	**641**
Charge for the year (Note 9)	**69**	**12**	**13**	**94**
Disposals	**(342)**	**-**	**-**	**(342)**
At 30 June 2011	**138**	**59**	**196**	**393**
Net carrying amount				
At 30 June 2011	**207**	**40**	**92**	**339**
At 30 June 2010				
Cost				
At 1 July 2009	438	63	288	789
Additions	345	22	-	367
At 30 June 2010	783	85	288	1,156
Accumulated depreciation				
At 1 July 2009	275	35	171	481
Charge for the year (Note 9)	136	12	12	160
At 30 June 2010	411	47	183	641
Net carrying amount				
At 30 June 2010	372	38	105	515

15. PROPERTY, PLANT AND EQUIPMENT cont'd

Borrowing costs capitalised into property under development of the Group during the financial year amounted to RM2,706,000 (2010: RM2,059,000), of which RM2,080,000 was transferred to investment properties during June 2011.

The net carrying amounts of property, plant and equipment pledged for borrowings as referred to in Note 34 are as follows:

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
Freehold land and buildings	**66,723**	-
Long term leasehold land	**4,290**	4,347
Hotel building on leasehold land	**89,964**	91,228
Freehold land and building under development	**40,145**	165,841
	201,122	261,416

16. INVESTMENT PROPERTIES

	Freehold land and buildings	Leasehold land and buildings	Investment properties under construction ("IPUC")	Total
	RM'000	RM'000	RM'000	RM'000
	(At fair value)		(At cost)	
GROUP				
At 30 June 2011				
At 1 July 2010	**37,000**	**70,000**	**-**	**107,000**
Transfer from:				
- property, plant and equipment (Note 15)	**-**	**-**	**131,276**	**131,276**
- property development costs (Note 25)	**-**	**-**	**2,980**	**2,980**
At 30 June 2011	**37,000**	**70,000**	**134,256**	**241,256**
At 30 June 2010				
At 1 July 2009/30 June 2010	37,000	70,000	-	**107,000**

Freehold land and buildings and IPUC are charged to financial institutions as collaterals for credit facilities granted to the Group and to the Company as disclosed in Note 34.

Investment properties are stated at fair value of which has been determined based on valuation reports by an accredited independent valuer as at reporting date. The fair value represents the amount at which these assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation.

16. INVESTMENT PROPERTIES cont'd

During June 2011, the Group has transferred from property, plant and equipment and property development costs to investment properties as IPUC at total carrying amount of RM134,256,000. The IPUC comprise commercial buildings under construction which is part of a mixed development project on freehold land, of which the project progress is still at its early stage of development. As the fair value of the IPUC cannot be reliably determined due to the significant risks which are relevant to the development process, including but not limited to construction and letting risks, the IPUC is measured at cost.

17. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM'000	Development expenditure RM'000	Total RM'000
GROUP			
At 30 June 2011			
Cost			
At 1 July 2010	**58,849**	**5,416**	**64,265**
Additions	**-**	**1,844**	**1,844**
At 30 June 2011	**58,849**	**7,260**	**66,109**
Accumulated impairment losses			
At 1 July 2010/30 June 2011	**(541)**	**-**	**(541)**
Carrying amount at 30 June 2011	**58,308**	**7,260**	**65,568**
At 30 June 2010			
Cost			
At 1 July 2009	59,014	3,687	62,701
Additions	-	1,564	1,564
Reclassifications	(165)	165	-
At 30 June 2010	58,849	5,416	64,265
Accumulated impairment losses			
At 1 July 2009/30 June 2010	(541)	-	(541)
Carrying amount at 30 June 2010	58,308	5,416	63,724

17. LAND HELD FOR PROPERTY DEVELOPMENT cont'd

The net carrying amount of land held for property development of RM64,806,000 (2010: RM62,962,000) has been pledged for borrowings as disclosed in Note 34.

Included in the land held for property development is borrowing costs incurred during the financial year of RM1,836,000 (2010: RM1,512,000).

18. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	545,626	545,626
Less: Accumulated impairment losses	(215)	(215)
	545,411	545,411

Details of the subsidiaries are disclosed in Note 37.

(a) Incorporation of a subsidiary

The Company had, on 22 March 2011, through its wholly-owned subsidiary, HLL Overseas Limited, incorporated an indirect wholly-owned subsidiary known as Positive Vision Labuan Limited, as an investment holding company in the Federal Territory of Labuan. There is no material impact on the financial position and financial results of the Group.

(b) Dissolution of a subsidiary

During the financial year, the Company had dissolved its wholly-owned subsidiary, Bedford Leisure Ventures Sdn Bhd, which the Company had written off its investment in the previous financial year.

19. INVESTMENTS IN ASSOCIATES

	GROUP	
	2011 RM'000	2010 RM'000
Quoted shares in Malaysia, at cost	64,890	59,787
Foreign unquoted shares, at cost	6	6
Less: Accumulated impairment losses	(6)	(6)
	64,890	59,787
Share of post acquisition reserves	37,553	34,173
Share of post acquisition translation reserve	(295)	(295)
	102,148	93,665

19. INVESTMENTS IN ASSOCIATES cont'd

	GROUP	
	2011	2010
	RM'000	RM'000
Represented by:		
Share of net assets of associates	**102,148**	93,665
Market value of quoted shares	**75,961**	66,900

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Dormant
Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	**22**	20	Investment in real estate and real estate-related assets

The Group has carried out a review on the recoverable amount of the investment in Tower REIT. The recoverable amount is determined based on value-in-use calculation using cash flow projections of future dividend income.

The key assumptions used in the value-in-use calculation are as follows:

(i) Growth rates

Future dividend income is estimated to grow at 5% (2010: 5%) per annum over the next 5 years and thereafter, grow at a steady rate of 3% (2010: 3%) per annum for the next 10 years. The growth rates used are based on the average growth rates achieved in the previous years and adjusted to lower rates to account for the probability of any unfavourable market conditions.

(ii) Discount rate

Discount rate used is 11% (2010: 11%). This rate is pre-tax and reflects specific risks relating to the investment.

Based on the value-in-use calculation, the management believes that the carrying amount of the investment in Tower REIT is fully recoverable.

19. INVESTMENTS IN ASSOCIATES cont'd

The Group's interest in the assets, liabilities, revenue and profit of associates are as follows:

	GROUP	
	2011	2010
	RM'000	RM'000
Assets and liabilities		
Non-current assets	**130,949**	119,462
Current assets	**301**	1,437
Total assets	**131,250**	120,899
Non-current liabilities	**(22,856)**	(21,145)
Current liabilities	**(6,246)**	(6,089)
Total liabilities	**(29,102)**	(27,234)
Results		
Revenue	**15,778**	9,562
Profit for the year	**6,936**	6,378

The Group has recognised negative goodwill of RM2,317,000, resulting from its additional investment in one of the associates during the financial year.

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Investments, at cost	**247,432**	247,432	**56,000**	56,000
Share of post acquisition reserves	**85,746**	60,102	**-**	-
	333,178	307,534	**56,000**	56,000

Details of the jointly controlled entities are disclosed in Note 38.

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES cont'd

The Group's interest in the assets, liabilities, revenue and expenses of jointly controlled entities are as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Non-current assets	**394,121**	399,342
Current assets	**87,087**	63,848
Total assets	**481,208**	463,190
Non-current liabilities	**(78,342)**	(84,619)
Current liabilities	**(69,688)**	(71,037)
Total liabilities	**(148,030)**	(155,656)
Results		
Revenue	**78,854**	36,077
Expenses, including finance costs and income tax expense	**(51,629)**	(31,230)
Profit for the year	**27,225**	4,847

The Group has recorded elimination of intragroup transactions of RM1,581,000 (2010: RM653,000) during the financial year.

21. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP	
	2011 RM'000	2010 RM'000
Long term investments		
Quoted shares outside Malaysia	**74**	-
Quoted shares in Malaysia	**7,599**	4,989
Total available-for-sale investments	**7,673**	4,989

Changes in carrying amount of quoted equity instruments in Malaysia carried at fair value, was as a result of remeasurement to its current fair value as at reporting date.

22. GOODWILL ON CONSOLIDATION

	GROUP 2011 RM'000	GROUP 2010 RM'000
At beginning of financial year	**15,915**	17,732
Reversal during the year (Note 9)	**(797)**	(1,817)
At end of financial year	**15,118**	15,915

On 26 October 2007, the Group, through its wholly-owned subsidiary, Astute Modernization Sdn Bhd, acquired 100% interest in Titan Debut Sdn Bhd. The acquisition was accounted for as a business combination in accordance with FRS 3 Business Combination. Accordingly, paragraph 15(b)(i) of FRS 112 Income Taxes requires deferred tax liability to be recognised for all taxable temporary differences arising from initial recognition of an asset or liability in a transaction which is a business combination. Such temporary differences arose from the differences between the fair value of assets and liabilities acquired in a business combination and their respective tax bases. Accordingly, the acquisition of the said subsidiary had resulted in the recognition of deferred tax liability amounting to RM17,732,000 with the corresponding debit being recognised as additional goodwill. Consequently, to the extent that such deferred tax liability is reversed, the corresponding goodwill will also be reversed.

During the current financial year, the Group recognised such a reversal of goodwill amounting to RM797,000 (2010: RM1,817,000) due to the reversal of the deferred tax liability relating to the property inventories sold during the current financial year.

23. DEFERRED TAX

	GROUP 2011 RM'000	GROUP 2010 RM'000
At beginning of financial year	**14,233**	17,114
Recognised in the income statement (Note 12)	**(1,593)**	(2,881)
At end of financial year	**12,640**	14,233
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(2,936)**	(2,246)
Deferred tax liabilities	**15,576**	16,479
	12,640	14,233

23. DEFERRED TAX cont'd

The components and movements of Group's deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Inventories RM'000	Accelerated capital allowances RM'000	Investment properties RM'000	Total RM'000
At 1 July 2009	17,732	141	427	18,300
Recognised in the income statement	(1,817)	(4)	-	(1,821)
At 30 June 2010/1 July 2010	15,915	137	427	16,479
Recognised in the income statement	(797)	(106)	-	(903)
At 30 June 2011	**15,118**	**31**	**427**	**15,576**

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM'000	Development properties RM'000	Total RM'000
At 1 July 2009	(1,186)	-	(1,186)
Recognised in the income statement	509	(1,569)	(1,060)
At 30 June 2010/1 July 2010	(677)	(1,569)	(2,246)
Recognised in the income statement	171	(861)	(690)
At 30 June 2011	**(506)**	**(2,430)**	**(2,936)**

23. DEFERRED TAX cont'd

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

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
Unused tax losses	**93,140**	81,703
Unabsorbed capital allowances	**72,574**	72,621
Investment tax allowances	**121,789**	121,789
Others	**31,002**	35,567
	318,505	311,680
Deferred tax at 25% (2010: 25%)	**79,626**	77,920

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

24. INVENTORIES

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
At cost		
Property inventories	**449,753**	469,708
Saleable merchandise	**637**	574
Operating supplies	**578**	551
	450,968	470,833
At net realisable value		
Property inventories	**567**	450
	451,535	471,283

The cost of property inventories of the Group recognised as cost of sales during the financial year amounted to RM23,639,000 (2010: RM49,689,000) as disclosed in Note 5.

As at the reporting date, the carrying amount of property inventories of RM446,826,000 (2010: RM465,243,000) has been pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 34.

25. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2011	2010
	RM'000	RM'000
Cumulative property development costs		
At beginning of financial year:		
Freehold land	**156,280**	167,368
Leasehold land	**2,625**	2,625
Development costs	**164,892**	140,442
	323,797	310,435
Cost incurred during the year:		
Freehold land	**17**	612
Development costs	**11,026**	26,127
	11,043	26,739
Reversal of completed projects	**(18,202)**	(13,377)
Less: Impairment losses		
At beginning of financial year	**(35,082)**	(35,082)
Reversal of impairment losses (Note 6)	**2,566**	-
Sales of properties	**11,130**	-
At end of financial year	**(21,386)**	(35,082)
Cumulative cost recognised in income statement:		
At beginning of financial year	**(68,748)**	(51,528)
Recognised during the year	**(44,100)**	(30,597)
Reversal of completed projects	**18,202**	13,377
At end of financial year	**(94,646)**	(68,748)
Transfer to investment properties (Note 16)	**(2,980)**	-
Property development costs at 30 June	**197,626**	219,967

Included in the property development costs is borrowing costs incurred during the financial year of RM2,691,000 (2010: RM2,914,000).

As at the reporting date, the carrying amounts of freehold land and related development costs pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 34 are RM154,702,000 (2010: RM182,975,000).

26. TRADE AND OTHER RECEIVABLES

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Trade receivables	**26,110**	22,228	**-**	-
Less: Allowance for impairment	**(362)**	(325)	**-**	-
	25,748	21,903	**-**	-
Other receivables	**7,347**	9,226	**171**	132
Less: Allowance for impairment	**(2,052)**	(4,258)	**-**	-
	5,295	4,968	**171**	132
Subsidiaries	**-**	-	**266,570**	230,846
Jointly controlled entities	**10,646**	16,217	**623**	686
Related companies	**822**	206	**15**	45
Total trade and other receivables	**42,511**	43,294	**267,379**	231,709
Add: Deposits, cash and bank balances (Note 29)	**132,123**	25,038	**2,078**	86
Total loans and receivables	**174,634**	68,332	**269,457**	231,795

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2010: 7 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

All amounts due from subsidiaries, jointly controlled entities and related companies are unsecured, non-interest bearing and have no fixed terms of repayments except for amounts totalling RM234,910,000 (2010: RM229,341,000) due from certain subsidiaries, which bore interest at rates of 3.70% - 4.07% (2010: 3.60%) per annum during the financial year.

There is no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for the amounts due from jointly controlled entities, related companies and subsidiaries in respect of the Group and of the Company respectively, with the amount of maximum credit risk exposure equivalent to the respective debtors' carrying amounts as at the reporting date.

26. TRADE AND OTHER RECEIVABLES cont'd

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

	Nominal amounts 2011 RM'000	Allowance for impairment 2011 RM'000	Nominal amounts 2010 RM'000	Allowance for impairment 2010 RM'000
GROUP				
Not past due	**21,131**	**-**	14,322	-
Past due 1 to 30 days	**2,841**	**-**	310	-
Past due 31 to 90 days	**325**	**-**	1,471	-
More than 90 days	**1,813**	**(362)**	6,125	(325)
	26,110	**(362)**	22,228	(325)

Generally, the Group does not renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at financial year end. Due to the good credit standing of the trade receivables and based on historical default rates, the Group believes that generally no further allowance for impairment is necessary in respect of trade receivables that are past due.

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

	GROUP 2011 RM'000	GROUP 2010 RM'000
Trade receivables - nominal amounts	**362**	325
Less: Allowance for impairment	**(362)**	(325)
Net impaired trade receivables	**-**	-

26. TRADE AND OTHER RECEIVABLES cont'd

The change of allowance for impairment in respect of trade receivables during the financial year is as follows:

	GROUP	
	2011	2010
	RM'000	RM'000
At beginning of financial year	**325**	225
Add: Allowance made	**43**	139
Less: Allowance written-back	**(6)**	(39)
At end of financial year	**362**	325

The change of allowance for impairment in respect of other receivables during the year is as follows:

	GROUP	
	2011	2010
	RM'000	RM'000
At beginning of financial year	**4,258**	5,091
Add: Allowance made	**43**	1,948
Less: Allowance written-back	**(436)**	-
Less: Allowance written-off	**(1,813)**	(2,781)
At end of financial year	**2,052**	4,258

27. OTHER CURRENT ASSETS

	GROUP	
	2011	2010
	RM'000	RM'000
Accrued billings in respect of property development costs	**390**	864
Due from contract customers (Note 28)	**-**	280
Prepayments	**851**	412
	1,241	1,556

28. DUE FROM CONTRACT CUSTOMERS

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
Contract cost incurred to date	**67,329**	67,049
Attributable profits	**12,118**	12,118
	79,447	79,167
Less: Progress payments received and receivable	**(79,447)**	(78,887)
Due from contract customers (Note 27)	**-**	280
Contract revenue recognised in income statement (Note 4)	**-**	(1,951)
Contract costs recognised in income statement (Note 5)	**280**	2,158

29. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks	**111,329**	7,281	**1,000**	-
Cash and bank balances	**20,794**	17,757	**1,078**	86
	132,123	25,038	**2,078**	86
Of which the balances of amounts placed with a related company, which is a licensed financial institution, are as follows:				
- deposits	**3,181**	1,490	**1,000**	-
- bank balances	**10,297**	7,465	**1,078**	83

Cash and bank balances of the Group include RM227,000 (2010: RM192,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

The effective interest rates of deposits placed with licensed banks of the Group as at the reporting date range from 0.12% to 3.00% (2010: 1.60% to 2.50%) per annum.

The maturities of deposits placed with licensed banks of the Group as at the reporting date range from 1 to 31 days (2010: 7 to 31 days).

30. SHARE CAPITAL

	GROUP/COMPANY Ordinary shares of RM0.50 each			
	2011 No. of shares '000	2010 No. of shares '000	2011 Amount RM'000	2010 Amount RM'000
Authorised	**3,000,000**	3,000,000	**1,500,000**	1,500,000
Issued and fully paid	**700,459**	700,459	**350,229**	350,229

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

31. RESERVES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable:				
Share premium	**35,089**	35,089	**35,089**	35,089
Exchange reserve	**(769)**	-	**-**	-
Fair value reserve	**2,610**	-	**-**	-
Merger reserve	**-**	-	**68,219**	68,219
	36,930	35,089	**103,308**	103,308
Distributable:				
Retained profits	**414,471**	404,560	**44,517**	52,076
	451,401	439,649	**147,825**	155,384

The premium arising on the shares issued in respect of the subsidiaries accounted for under the merger method of accounting is credited to the merger reserve account in accordance with the relief granted by Section 60(4) of the Companies Act, 1965.

The entire exchange reserve arises from the translation of financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency.

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

31. RESERVES cont'd

As at 30 June 2011, based on estimated tax credits available, the entire retained profits of the Company is available for distribution by way of dividend without incurring additional tax liability. The Malaysian Budget 2008 introduced a single tier company income tax system with effect from the year of assessment 2008. Companies are not required to have tax credit under S108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders. Companies with S108 credits as at 30 June 2011 may continue to pay franked dividends until the S108 credits are fully utilised or upon expiry of the six years transitional period, 31 December 2013, whichever is earlier.

32. SHARES HELD BY ESOS TRUST

In the previous financial years, the Company established a trust ("ESOS Trust") for its eligible executives pursuant to the establishment of the Executive Share Option Scheme ("ESOS"). The ESOS Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company its subsidiaries or a third party upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purposes of this trust. The shares purchased for the benefit of the ESOS holders are recorded as "Shares held by ESOS Trust" in the Group and the Company's statements of financial position as a deduction in arriving at the shareholders' equity.

Details of the shares acquired during the previous financial years are as follows:

	Share price			Number of	Total
	Lowest	**Highest**	**Average**	**shares**	**consideration**
	RM	**RM**	**RM**	**'000**	**RM'000**
At 1 July 2010 and 30 June 2011	**0.62**	**1.72**	**0.78**	**30,578**	**23,883**

None of the options under the ESOS was granted as at end of the financial year.

33. DUE TO SUBSIDIARIES

Amounts due to subsidiaries are unsecured, not expected to be repaid within the next twelve months and bore interest at rates ranging from 2.75% to 4.72% (2010: 2.00% to 4.50%) per annum during the financial year.

34. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short term borrowings				
Secured				
Term loans	**118,115**	381,573	**-**	-
Bank overdrafts	**4,603**	4,898	**-**	-
Revolving credits	**11,470**	-		
	134,188	386,471	**-**	-
Unsecured				
Term loans	**3,000**	3,000	**3,000**	3,000
Bank overdrafts	**-**	5,419	**-**	3,919
Revolving credits	**200,500**	160,700	**172,500**	158,700
	203,500	169,119	**175,500**	165,619
Total short term borrowings	**337,688**	555,590	**175,500**	165,619
Long term borrowings				
Secured				
Term loans	**447,171**	217,147	**-**	-
Revolving credits	**13,093**	-	**-**	-
	460,264	217,147	**-**	-
Unsecured				
Term loans	**84,000**	7,000	**4,000**	7,000
Total long term borrowings	**544,264**	224,147	**4,000**	7,000
Total loans and borrowings	**881,952**	779,737	**179,500**	172,619

34. LOANS AND BORROWINGS cont'd

The maturity of loans and borrowings are as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
On demand or within 1 year	**337,688**	555,590	**175,500**	165,619
More than 1 year but less than 2 years	**126,277**	142,323	**4,000**	3,000
More than 2 years but less than 5 years	**121,328**	77,324	**-**	4,000
More than 5 years	**296,659**	4,500	**-**	-
	881,952	779,737	**179,500**	172,619

The bank overdrafts of the Group are secured by a second legal charge over the long term leasehold land and a second fixed and floating charge over the assets of a subsidiary. The bank overdrafts bore effective interest at rates ranging from 6.80% to 7.60% (2010: 6.05% to 7.05%) per annum during the financial year.

The revolving credits of the Group and of the Company are obtained by a negative pledge over all assets of the Company. The revolving credits bore effective interest at rates ranging from 3.25% to 4.55% (2010: 2.74% to 4.04%) per annum.

The term loans of the Group are secured by legal charges on certain property, plant and equipment, investment properties, land held for property development, inventories and development properties as disclosed in Notes 15, 16, 17, 24 and 25 as well as fixed and floating charges on assets of certain subsidiaries.

The term loans are repayable over the period from 2011 to 2017 and bore interest at rates ranging from 3.25% to 6.35% (2010: 2.74% to 5.80%) per annum during the financial year.

35. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables	**6,328**	8,645	**-**	-
Associates	**112**	116	**-**	-
Subsidiaries	**-**	-	**90,972**	42,942
Jointly controlled entities	**965**	965	**-**	-
Related companies	**798**	1,598	**-**	-
Provision for foreseeable loss in land and development	**27,836**	33,249	**-**	-
Other payables	**25,447**	32,332	**2,265**	1,833
Total trade and other payables	**61,486**	76,905	**93,237**	44,775
Add: Due to subsidiaries (Note 33)	**-**	-	**126,221**	136,207
Add: Loans and borrowings (Note 34)	**881,952**	779,737	**179,500**	172,619
Total financial liabilities carried at amortised cost	**943,438**	856,642	**398,958**	353,601

35. TRADE AND OTHER PAYABLES cont'd

The normal credit terms granted by the trade payables range from 30 to 60 days (2010: 30 to 60 days).

Amounts due to associates, subsidiaries, related companies and jointly controlled entities are unsecured, interest free and have no fixed terms of repayments except for amount due to certain subsidiaries as disclosed in Note 33.

The movements in provision for foreseeable loss in land and development are as follows:

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
At beginning of financial year	**33,249**	33,938
Less: Reversal during the financial year	**(5,413)**	(689)
At end of financial year	**27,836**	33,249

Provision made is in respect of foreseeable losses for certain property development activities undertaken by the subsidiaries of the Group. A provision is recognised for expected losses from the development of low cost units, deterioration of market value or undesirable condition of land which increase future development costs.

36. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management objectives seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, credit, liquidity, foreign currency and fair value risks. The Group's policy is not to engage in speculative transactions.

(b) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and loans at floating rates given to subsidiaries. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2010: less than 6 months) from the reporting date.

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through the income statement. Therefore, a change in interest rates at the reporting date would not affect the income statement.

36. FINANCIAL INSTRUMENTS cont'd

(b) Interest rate risk cont'd

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates, with all other variables held constant, at the reporting date would result in the profit or loss before tax to be higher/(lower) by the amounts shown below.

	GROUP 2011 RM'000	COMPANY 2011 RM'000
25 basis points decrease		
Variable rate instruments	**1,471**	449
25 basis points increase		
Variable rate instruments	**(1,471)**	(449)

(c) Effective interest rates and repricing analysis

The range of effective interest rates of the interest-earning financial assets and interest-bearing financial liabilities of the Group and of the Company and the periods in which they will be repriced or matured, are as follows:

	Effective interest rate %	Floating interest RM'000	Fixed interest rate maturing within 1 year RM'000	Total RM'000
GROUP				
Financial assets				
At 30 June 2011:				
Deposits placed with licensed banks	**0.12 - 3.00**	**-**	**111,329**	**111,329**
At 30 June 2010:				
Deposits placed with licensed banks	1.60 - 2.50	-	7,281	7,281

36. FINANCIAL INSTRUMENTS cont'd

(c) Effective interest rates and repricing analysis cont'd

	Effective interest rate	Floating interest	Fixed interest rate maturing within 1 year	Total
	%	RM'000	RM'000	RM'000
GROUP cont'd				
Financial liabilities				
At 30 June 2011:				
Loans and borrowings	**3.25 - 7.60**	**881,952**	**-**	**881,952**
At 30 June 2010:				
Loans and borrowings	2.75 - 7.05	779,737	-	779,737
COMPANY				
Financial assets				
At 30 June 2011:				
Deposits placed with licensed banks	**2.40**	**-**	**1,000**	**1,000**
Due from subsidiaries	**3.70 - 4.07**	**234,910**	**-**	**234,910**
At 30 June 2010:				
Due from subsidiaries	3.60	229,341	-	229,341
Financial liabilities				
At 30 June 2011:				
Loans and borrowings	**3.25 - 7.45**	**179,500**	**-**	**179,500**
Due to subsidiaries	**2.75 - 4.72**	**126,221**	**-**	**126,221**

36. FINANCIAL INSTRUMENTS cont'd

(c) Effective interest rates and repricing analysis cont'd

	Effective interest rate	Floating interest	Fixed interest rate maturing within 1 year	Total
	%	RM'000	RM'000	RM'000
COMPANY cont'd				
At 30 June 2010:				
Loans and borrowings	2.74 - 7.05	172,619	-	172,619
Due to subsidiaries	2.00 - 4.50	136,207	-	136,207

(d) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At reporting date, there was no significant concentration of credit risk. The maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

The Group does not have any significant exposure or concentration of credit risk that may arise from exposures to a single debtor or to groups of related debtors.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 26.

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage its liquidity risk by maintaining adequate reserves, access to a number of sources of banking facilities which are sufficient to meet anticipated funding requirements, and reserve borrowing facilities by continuously monitoring its forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

36. FINANCIAL INSTRUMENTS cont'd

(e) Liquidity risk cont'd

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 June 2011				
GROUP				
Financial liabilities:				
Trade and other payables	61,486	-	-	61,486
Loans and borrowings	374,826	331,021	316,256	1,022,103
Total undiscounted financial liabilities	436,312	331,021	316,256	1,083,589
COMPANY				
Financial liabilities:				
Trade and other payables	93,237	-	-	93,237
Loans and borrowings	181,866	4,163	-	186,029
Total undiscounted financial liabilities	275,103	4,163	-	279,266

(f) Foreign currency risk

The Group is not significantly exposed to foreign currency risk as majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for currency translation risk arising from its net investments in foreign operations in Labuan. The Group's investment in its Labuan subsidiary is not hedged as currency positions in USD are considered to be long-term in nature.

(g) Fair values of financial instruments

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

	Note
Trade and other receivables (current)	26
Trade and other payables (current)	35
Loans and borrowings (current)	34
Loans and borrowings (non-current)	34

36. FINANCIAL INSTRUMENTS cont'd

(g) Fair values of financial instruments cont'd

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

37. SUBSIDIARIES

The subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
Guoman Hotel & Resort Holdings Sdn Bhd ("GHRH") and its subsidiaries:	Malaysia	**70**	70	Investment holding
^+ PD Resort Sdn Bhd	Malaysia	**70**	70	Property investment and development and hotel operations
Kiapeng Development Sdn Bhd	Malaysia	**70**	70	Property development and property investment
^ Guoman Philippines, Inc.	Philippines	**70**	70	Dormant
^ Guoman International Limited	Jersey, Channel Islands	**70**	70	Investment holding
Guoman International Sdn Bhd	Malaysia	**70**	70	Provision of technical and management services
JB Parade Sdn Bhd and its subsidiary:	Malaysia	**49**	49	Investment holding and hotel operations
JB Parade Condominium Sdn Bhd	Malaysia	**49**	49	Property development
Bedford Development Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding and property development
Hong Leong Housing Sdn Bhd	Malaysia	**100**	100	Provision of construction management services

37. SUBSIDIARIES cont'd

Name of company	Country of incorporation	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
+ Bedford Industrial Development Sdn Bhd	Malaysia	**100**	100	Property development
^+ Pembinaan Sri Jati Sdn Berhad	Malaysia	**100**	100	Investment holding and property development
Sabna Development Sdn Bhd	Malaysia	**100**	100	Property development
Ace Acres Sdn Bhd	Malaysia	**100**	100	Property development
Hong Leong Real Estate Holdings Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding
^ Bedford Land Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding
BLV Fashions Sdn Bhd	Malaysia	**100**	100	Property investment
^ Guobena Development Sdn Bhd	Malaysia	**100**	100	Property investment
HL Bandar Sdn Bhd	Malaysia	**100**	100	Property investment
Prophills Development Sdn Bhd	Malaysia	**100**	100	Dormant
Damansara City Sdn Bhd	Malaysia	**100**	100	Property development and property investment
# Orifour Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation
# Orifive Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation
# Bedford Excel Venture Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation

37. SUBSIDIARIES cont'd

Name of company	Country of incorporation	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
# Bedford Leisure Ventures Sdn Bhd	Malaysia	-	100	Dissolved by members' voluntary liquidation
HLP Equities Sdn Bhd	Malaysia	100	100	Investment holding
^ HLL Overseas Limited and its subsidiary:	Jersey, Channel Islands	100	100	Investment holding and trading in securities
^ Positive Vision Labuan Limited	Malaysia	100	-	Investment holding
^ Hong Leong Real Estate Management Sdn Bhd	Malaysia	100	100	Property investment and trading
^ GLM Property Services Sdn Bhd	Malaysia	100	100	Provision of property management services
^ GLM Property Management Co Sdn Bhd	Malaysia	100	100	Provision of property management services
^ GLM REIT Management Sdn Bhd	Malaysia	100	100	Provision of management services
^ Astute Modernization Sdn Bhd and its subsidiary:	Malaysia	100	100	Investment holding
^ Titan Debut Sdn Bhd	Malaysia	100	100	Acquire, enhance and resale of properties
^ Raikon Building Management Co Sdn Bhd	Malaysia	100	100	Provision of property-related services

\+ Subsidiaries consolidated under merger method of accounting. Merger method of accounting on PD Resort Sdn Bhd has been applied at GHRH level.

\# The financial statements of these companies were not audited as they are in members' voluntary liquidation.

^ Not audited by member firms of Ernst & Young Global.

38. JOINTLY CONTROLLED ENTITIES

The details of jointly controlled entities are as follows:

Name of jointly controlled entity	Country of incorporation	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
Vintage Heights Sdn Bhd	Malaysia	**40**	40	Property development and operation of an oil palm estate
Continental Estates Sdn Bhd	Malaysia	**50**	50	Property development and operation of an oil palm estate
Bedford Damansara Heights Development Sdn Bhd and its subsidiaries:	Malaysia	**50**	50	Investment holding
Promakmur Development Sdn Bhd	Malaysia	**50**	50	Property development
^ Kota Selatan Indah Sdn Bhd	Malaysia	**50**	50	Property development

^ Not audited by member firms of Ernst & Young Global.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2011 and 30 June 2010.

The Group monitors capital using Equity : Debt Ratio. The Group's policy is to keep the Equity : Debt Ratio at an acceptable level.

39. CAPITAL MANAGEMENT cont'd

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Equity attributable to the owners of the Company		**777,747**	765,995	**474,171**	481,730
Loans and borrowings	34	**881,952**	779,737	**179,500**	172,619
Less: Deposits, cash and bank balances	29	**(132,123)**	(25,038)	**(2,078)**	(86)
Net debt		**749,829**	754,699	**177,422**	172,533
Equity : Debt Ratio		**51:49**	50:50	**73:27**	74:26

40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and comprises four major business segments -

(i) Property development - the development of residential and commercial properties for sale;

(ii) Property investment - investments in residential and commercial properties and investment in real estate investment trusts;

(iii) Hotels - management and operations of hotels; and

(iv) Plantation - operation of oil palm estates and sale of fresh fruit bunches.

Other business segments include provision of management services, investment holdings and trading in securities.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent parties.

40. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue														
External sales	**77,279**	107,137	**6,423**	5,902	**50,824**	40,819	**-**	-	**8,244**	6,663	**-**	-	**142,770**	160,521
Inter-segment sales	**-**	-	**-**	-	**-**	-	**-**	-	**4,747**	3,725	**(4,747)**	(3,725)	**-**	-
Total revenue	**77,279**	107,137	**6,423**	5,902	**50,824**	40,819	**-**	-	**12,991**	10,388	**(4,747)**	(3,725)	**142,770**	160,521
Results														
Segment results	**12,885**	14,354	**3,105**	2,968	**4,038**	(10,668)	**-**	-	**(8,626)**	16,649	**-**	-	**11,402**	23,303
Unallocated corporate expenses													**(1,253)**	(932)
Profit from operations													**10,149**	22,371
Interest income	**433**	180	**12**	43	**-**	-	**-**	-	**208**	8	**-**	-	**653**	231
Finance cost													**(25,916)**	(23,456)
Share of results of associates	**-**	-	**9,253**	7,091	**-**	(713)	**-**	-	**-**	-	**-**	-	**9,253**	6,378
Share of results of jointly controlled entities	**15,262**	703	**-**	-	**-**	-	**11,963**	4,144	**-**	-	**-**	-	**27,225**	4,847
Income tax (expense)/ benefit	**(886)**	637	**(442)**	(658)	**(2)**	-	**-**	-	**1,055**	343	**-**	-	**(275)**	322
Profit after tax													**21,089**	10,693
Non-controlling interests													**(1,130)**	3,271
Net profit for the year attributable to the owners of the Company													**19,959**	13,964

40. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Assets														
Segment assets	**805,574**	971,363	**242,114**	107,930	**196,233**	198,908	**-**	-	**131,683**	26,595	**-**	-	**1,375,604**	1,304,796
Investments in associates	**-**	-	**102,148**	93,665	**-**	-	**-**	-	**-**	-	**-**	-	**102,148**	93,665
Long term investments	**-**	-	**7,587**	4,979	**-**	-	**-**	-	**86**	10	**-**	-	**7,673**	4,989
Investments in jointly controlled entities	**95,297**	85,678	**-**	-	**-**	-	**237,881**	221,856	**-**	-	**-**	-	**333,178**	307,534
Deferred tax assets													**2,936**	2,246
Tax recoverable													**2,916**	2,761
Consolidated total assets													**1,824,455**	1,715,991
Liabilities														
Segment liabilities	**54,940**	60,102	**1,354**	1,409	**10,274**	10,878	**-**	-	**4,771**	5,004	**-**	-	**71,339**	77,393
Loans and borrowings													**881,952**	779,737
Deferred tax liabilities													**15,576**	16,479
Tax payable													**324**	-
Consolidated total liabilities													**969,191**	873,609

40. SEGMENT INFORMATION cont'd

	Property development 2011 RM'000	Property development 2010 RM'000	Property investment 2011 RM'000	Property investment 2010 RM'000	Hotels 2011 RM'000	Hotels 2010 RM'000	Plantation 2011 RM'000	Plantation 2010 RM'000	Others 2011 RM'000	Others 2010 RM'000	Elimination 2011 RM'000	Elimination 2010 RM'000	Consolidated 2011 RM'000	Consolidated 2010 RM'000
Other Information														
Additions to non-current assets:														
Property, plant & equipment	**5,582**	2,838	**-**	26	**2,810**	4,422	**-**	-	**853**	1,183	**-**	-	**9,245**	8,469
Investment properties	**-**	-	**134,256**	-	**-**	-	**-**	-	**-**	-	**-**	-	**134,256**	-
Depreciation	**34**	127	**5**	5	**5,050**	8,327	**-**	-	**934**	887	**-**	-	**6,023**	9,346
Fair value gain on available-for-sale investments	**-**	-	**-**	-	**-**	-	**-**	-	**(2,610)**	-	**-**	-	**(2,610)**	-
Impairment loss on available-for-sale investments	**-**	394	**-**	-	**-**	-	**-**	-	**-**	14	**-**	-	**-**	408
Reversal of goodwill	**797**	1,817	**-**	-	**-**	-	**-**	-		-	**-**	-	**797**	1,817
Property, plant & equipment written off	**-**	-	**-**	-	**98**	3,985	**-**	-	**-**	-	**-**	-	**98**	3,985
Allowance for impairment														
- Trade and other receivables	**43**	1,600	**-**	-	**43**	63	**-**	-	**-**	424	**-**	-	**86**	2,087
Allowance for impairment written back														
- Trade and other receivables	**(436)**	-	**-**	-	**(6)**	-	**-**	-	**-**	-	**-**	-	**(442)**	-
Gain on dissolution of a subsidiary	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(1,264)	**-**	-	**-**	(1,264)
Gain on disposal of														
- a jointly controlled entity	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(22,712)	**-**	-	**-**	(22,712)
- property, plant and equipment	**(9)**	-	**-**	-	**-**	-	**-**	-	**(237)**	(7)	**-**	-	**(246)**	(7)
Reversal of impairment loss on property development costs	**(13,696)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(13,696)**	-

Segmental reporting by geographical location has not been presented as the Group's operations are substantially carried out in Malaysia.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or persons connected with them.

Hong Leong Company (Malaysia) Berhad ("HLCM") is the ultimate holding company of GLM through GLL (Malaysia) Pte Ltd. YBhg Tan Sri Quek Leng Chan is a director and major shareholder of GLM and HLCM. Mr Quek Leng Chye is a major shareholder of GLM and HLCM. YBhg Tan Sri Quek Leng Chan and Mr Quek Leng Chye are brothers. HLCM is a person connected with YBhg Tan Sri Quek Leng Chan and Mr Quek Leng Chye.

The related parties and their relationships with the Group are as follows:

Related parties	**Relationship**
Hong Leong Financial Group Berhad and subsidiaries ("HLFG Group")	Subsidiaries of HLCM
HLCM Capital Sdn Bhd and subsidiaries ("HLCM Capital Group")	Subsidiaries of HLCM
HL Management Co Sdn Bhd and subsidiaries ("HLMC Group")	Subsidiaries of HLCM
GuocoLeisure Limited and subsidiaries ("GL Group")	Subsidiaries of HLCM
Guardian Security Consultants Sdn Bhd ("GSC")	Associated company of HLCM
Tower Real Estate Investment Trust ("Tower REIT")	An investment trust in which the Group, HLCM and certain directors have interests
Vintage Heights Sdn Bhd	Jointly controlled entity in which certain directors have interests
Continental Estates Sdn Bhd	Jointly controlled entity in which certain directors have interests
Bedford Damansara Heights Development Sdn Bhd and subsidiaries	Jointly controlled entities in which certain directors have interests

41. SIGNIFICANT RELATED PARTY TRANSACTIONS cont'd

(b) Transactions within the Group

	COMPANY	
	2011	**2010**
	RM'000	**RM'000**
Dividend income	**9,863**	9,250
Management fees	**765**	816
Interest income	**8,767**	10,382
Interest expense	**(3,425)**	(2,597)

(c) Related party transactions

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
Management services received/receivable from jointly controlled entities	**4,132**	1,582
Rental income received/receivable from:		
- HLFG Group	**-**	68
- HLCM Capital Group	**11**	10
Management services received/receivable from:		
- HLCM Capital Group	**21**	12
- GL Group	**152**	10
- Tower REIT	**2,494**	2,338
Property management fees received/receivable from:		
- HLFG Group	**2,673**	2,825
- HLCM Capital Group	**112**	199
- Tower REIT	**140**	-
Hotel room rental received/receivable from:		
- HLFG Group	**374**	324
- HLMC Group	**-**	58
Interest income received/receivable from HLFG Group	**24**	47
Insurance premium paid/payable to HLFG Group	**(4)**	(161)
Security guard services fees paid/payable to GSC	**(451)**	(460)
Management services fees paid/payable to GL Group	**(2,012)**	(1,214)
Office rental paid/payable to:		
- HLFG Group	**(1,666)**	(1,666)
- Tower REIT	**(680)**	(680)
Financial and treasury services fees paid/payable to HLMC Group	**(1,199)**	(1,864)
Shares, warrants and ESOS administration services fees paid/payable to HLCM Capital Group	**(51)**	(60)

41. SIGNIFICANT RELATED PARTY TRANSACTIONS cont'd

(c) Related party transactions cont'd

The above transactions have been carried out on normal commercial terms consistent with the usual business practices and policies of the Group and of the Company and on terms not more favourable to the related parties than those generally available to and/or from the public and are not detrimental to the minority shareholders.

Information regarding the outstanding balances arising from related party transactions as at 30 June 2011 are disclosed in Notes 26, 33 and 35 to the financial statements.

(d) Compensation of key management personnel

The directors of the Company are key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly. The directors' remunerations are as disclosed in Note 11 to the financial statements.

42. LEASE COMMITMENTS

(a) The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 1 to 3 years with no purchase option included in the contracts. There are no restrictions placed on the Group by entering into these leases.

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

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
Not later than 1 year	**1,488**	1,401
Later than 1 year and not later than 5 years	**856**	1,250
	2,344	2,651

42. LEASE COMMITMENTS cont'd

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 1 to 5 years.

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

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
Not later than 1 year	**631**	791
Later than 1 year and not later than 5 years	**26**	605
	657	1,396

43. CAPITAL COMMITMENTS

	GROUP	
	2011	**2010**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**6,816**	4,550
Investment properties	**22,641**	-
Approved but not contracted for:		
Property, plant and equipment	**-**	2,000
	29,457	6,550

44. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The determination of realised and unrealised profits is based on the Guidance of 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, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

	GROUP 2011 RM'000	COMPANY 2011 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	154,441	44,517
- Unrealised	(10,910)	-
	143,531	44,517
Total share of retained profits from associates:		
- Realised	4,298	-
- Unrealised	9,046	-
	13,344	-
Total share of retained profits from jointly controlled entities:		
- Realised	85,746	-
- Unrealised	-	-
	85,746	-
Total unadjusted retained profits	242,621	44,517
Add: consolidation adjustments	171,850	-
Total retained profits	414,471	44,517

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2011

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
Freehold	**Bangunan Hong Leong** Land with a 16-storey office building at No. 117 Jalan Tun H.S. Lee 50000 Kuala Lumpur	92,561 sq ft*	36	37,000	30/6/2011#
Leasehold Expiry Date: 24/3/2101	**Menara Pandan C & D** Two 10-storey office tower blocks at Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur	356,160 sq ft*	14	70,000	30/6/2011#
Leasehold Expiry Date: 10/10/2087	**Thistle Johor Bahru** Land with a 380-room hotel Jalan Sg. Gelam Off Jalan Sg. Chat District of Johor Bahru Johor Darul Takzim	5.9	17	99,868	23/8/1994^
Freehold	**Thistle Port Dickson Resort** Land with a 251-room hotel resort & 9-hole golf course at Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	57.3	15	83,131	7/8/1996^
Freehold	Vacant land at Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	6.7	-	2,272	26/3/1984
Freehold	**OVAL Kuala Lumpur** Oval apartments at Seksyen 63, Bandar & Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	1.7	-	446,826	8/8/2007
Freehold	**Damansara City** Land with development in progress at Bukit Damansara Kuala Lumpur	8.5	-	260,192	9/11/1994

1. **PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2011** cont'd

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress at Mukim of Sg. Buloh Selangor Darul Ehsan	26.4	-	18,797	2/3/1993
Freehold	Vacant land at Lot 3059 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	7.5	-	6,700	15/6/1990
Freehold	Vacant land at Geran No. 20438 Lot 36, Bandar Baru Ferringhi Pulau Pinang	4.6	-	762	15/10/1991
Freehold	**Emerald 1B** Land with development in progress at Geran 124342 Lot 25033, Mukim of Rawang District of Gombak & Ulu Selangor Selangor Darul Ehsan	8.8	-	2,479	7/4/2005
Leasehold Expiry Date: 16/7/2088	**Commerce One** Land with development in progress at Bedford Business Park, Mukim of Petaling Wilayah Persekutuan Kuala Lumpur	0.6	-	5,208	17/7/1989
Freehold	**Amandarii** Land with development in progress at Seksyen 9 Tempat Sungai Kantan, Kajang Daerah Hulu Langat Selangor Darul Ehsan	9.0	-	18,825	10/8/2006
Freehold	**The Cirrus** Land with development in progress within Taman Mutiara Barat, Off Jalan Cheras Mukim of Kuala Lumpur	13.1	-	58,518	6/10/2006

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2011 cont'd

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
Freehold	**Changkat Kia Peng** Vacant land at Geran 25964 Lot 241, Seksyen 63 Bandar & Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	0.7	-	64,806	14/1/2008
Properties held by Jointly Controlled Entities					
Freehold	*Vintage Heights Sdn Bhd* **Pantai Sepang Putra** Land with development in progress at Mukim of Sepang Districts of Sepang & Kuala Langat Selangor Darul Ehsan	5,025.1	-	222,409	27/3/1992
Freehold	*Continental Estates Sdn Bhd* Vacant land at Mukim of Jasin Melaka Darul Amin	5,513.6	-	330,068	22/5/1996
Freehold	*Kota Selatan Indah Sdn Bhd* **Emerald East** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	55.2	-	33,731	11/10/1999
Freehold	*Promakmur Development Sdn Bhd* **Emerald West** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	641.4	-	240,672	31/5/2000

Notes:
- * Net lettable area
- # Date of revaluation
- ^ Date of Certificate of Fitness obtained

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2011

Authorised Share Capital	: RM1,500,000,000
Issued & Paid-up Capital	: RM350,229,259
Class of Shares	: Ordinary shares of RM0.50 each
Voting Rights	
- On show of hands	: 1 vote
- On a poll	: 1 vote for each share held

Distribution Schedule of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	426	3.68	16,437	0.00
100 – 1,000	3,026	26.18	2,800,568	0.40
1,001 – 10,000	6,112	52.87	27,620,160	3.94
10,001 – 100,000	1,770	15.31	54,723,096	7.81
100,001 – less than 5% of issued shares	225	1.95	160,167,677	22.87
5% and above of issued shares	1	0.01	455,130,580	64.98
	11,560	100.00	700,458,518	100.00

Thirty Largest Shareholders

	Names of Shareholders	No. of Shares	%
1.	GLL (Malaysia) Pte Ltd	455,130,580	64.98
2.	Assets Nominees (Tempatan) Sdn Bhd *- Exempt AN for GuocoLand (Malaysia) Berhad (ESOS)*	30,578,100	4.37
3.	HSBC Nominees (Asing) Sdn Bhd *- The Bank Of Nova Scotia*	21,729,500	3.10
4.	YBhg Tan Sri Quek Leng Chan	19,506,780	2.79
5.	Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for OCBC Securities Private Limited*	5,399,793	0.77
6.	HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for Credit Suisse*	3,410,800	0.49
7.	Cimsec Nominees (Asing) Sdn Bhd *- Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	3,398,560	0.49
8.	Affin Nominees (Tempatan) Sdn Bhd *- Tan Sew Hoey*	3,340,500	0.48
9.	RHB Capital Nominees (Tempatan) Sdn Bhd *- Poh Yang Hong*	3,000,000	0.43
10.	AllianceGroup Nominees (Tempatan) Sdn Bhd *- Ong Siew Eng @ Ong Chai*	2,637,400	0.38
11.	Amsec Nominees (Asing) Sdn Bhd *- Low Check Kian*	1,638,200	0.23

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2011 cont'd

Thirty Largest Shareholders cont'd

Names of Shareholders	No. of Shares	%
12. HLB Nominees (Asing) Sdn Bhd - *Chia Choi Chun*	1,500,000	0.21
13. UOBM Nominees (Asing) Sdn Bhd - *Tay Yun Chwan Henry*	1,480,000	0.21
14. Chua Holdings Sdn Bhd	1,428,465	0.20
15. Citigroup Nominees (Asing) Sdn Bhd - *DFA Emerging Markets Small Cap Series*	1,359,800	0.19
16. Low Keng Boon @ Lau Boon Sen	1,336,200	0.19
17. HLB Nominees (Asing) Sdn Bhd - *Central China Holdings Limited*	1,300,000	0.19
18. Tan Liew Cheun	1,273,000	0.18
19. Citigroup Nominees (Asing) Sdn Bhd - *Dimensional Emerging Markets Value Fund*	1,231,200	0.18
20. Citigroup Nominees (Tempatan) Sdn Bhd - *Kadar Shah Bin Sulaiman*	1,200,000	0.17
21. HLG Nominee (Asing) Sdn Bhd - *Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	1,195,180	0.17
22. Mayban Securities Nominees (Asing) Sdn Bhd - *Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	1,144,710	0.16
23. Citigroup Nominees (Asing) Sdn Bhd - *Exempt AN for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)*	1,110,781	0.16
24. Amsec Nominees (Asing) Sdn Bhd - *Kwong Hang Terry*	1,000,000	0.14
25. HLB Nominees (Asing) Sdn Bhd - *Kan Chui Peng*	1,000,000	0.14
26. Citigroup Nominees (Tempatan) Sdn Bhd - *Koh Kim Teck*	977,100	0.14
27. Kenanga Nominees (Tempatan) Sdn Bhd - *Yu Kuan Chon*	934,200	0.13
28. Mayban Securities Nominees (Asing) Sdn Bhd - *Koh May Lin Angela Eunice*	858,000	0.12
29. Hong Bee Hardware Company, Sdn Berhad	857,020	0.12
30. Lee Kay Huat	850,000	0.12
	571,805,869	**81.63**

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2011 cont'd

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 2 September 2011 are as follows:

	Direct		Indirect	
Names of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Hong Leong Company (Malaysia) Berhad	-	-	455,198,596	64.99*A
2. HL Holdings Sdn Bhd	-	-	455,198,596	64.99*B
3. Tan Sri Quek Leng Chan	19,506,780	2.78	456,055,616	65.11*C
4. Kwek Leng Beng	-	-	456,055,616	65.11*C
5. Kwek Holdings Pte Ltd	-	-	456,055,616	65.11*C
6. Hong Realty (Private) Limited	-	-	456,055,616	65.11*C
7. Hong Leong Investment Holdings Pte Ltd	-	-	456,055,616	65.11*C
8. Kwek Leng Kee	-	-	456,055,616	65.11*C
9. Davos Investment Holdings Private Limited	-	-	456,055,616	65.11*C
10. Quek Leng Chye	-	-	456,055,616	65.11*C
11. GLL (Malaysia) Pte Ltd	455,130,580	64.98	-	-
12. GuocoLand Limited	-	-	455,130,580	64.98*D
13. GuocoLand Assets Pte Ltd	-	-	455,130,580	64.98*D
14. Guoco Group Limited	-	-	455,130,580	64.98*D
15. GuoLine Overseas Limited	-	-	455,130,580	64.98*D
16. GuoLine Capital Assets Limited	-	-	455,130,580	64.98*D

Notes:

*A Held through subsidiaries
*B Held through Hong Leong Company (Malaysia) Berhad
*C Held through Hong Leong Company (Malaysia) Berhad and a company in which the substantial shareholder has interest
*D Held through GLL (Malaysia) Pte Ltd

3. DIRECTORS' INTERESTS AS AT 2 SEPTEMBER 2011

Subsequent to the financial year end, there is no change, as at 2 September 2011, to the Directors' interests in the ordinary shares, preference shares and/or options over ordinary shares or convertible bonds of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 40 to 45 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except for the changes set out below:

	No. of ordinary shares or *shares to be issued arising from the conversion of bonds	%
Indirect Interests		
YBhg Tan Sri Quek Leng Chan in:		
GuocoLand Limited ("GLL")	1,059,796 *	0.08 **
GuocoLeisure Limited	919,572,425	67.22
The Rank Group Plc	291,001,931	74.50
Mr Poh Yang Hong in:		
Guoco Group Limited	Nil	Nil

Note:

** Based on the enlarged share capital of GLL assuming full conversion of SGD352,200,000 nominal value of GLL's convertible bonds as at 2 September 2011.

4. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

GuocoLand (Malaysia) Berhad (300–K)
A Member of the Hong Leong Group

FORM OF PROXY

I/We ____

NRIC/Passport/Company No. ____

of ____

being a member of **GuocoLand (Malaysia) Berhad** (the "Company"), hereby appoint ______________________

____

NRIC/Passport No. ____

of ____

or failing him/her ____

NRIC/Passport No. ____

of ____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Eighty-seventh Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 11 October 2011 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote either on a show of hands or on a poll as indicated below with an "X":

No.	Resolution	For	Against
1.	To declare a final dividend of 4% less tax		
2.	To approve the payment of Director fees		
3.	To re-elect Mr Poh Yang Hong as a Director		
4.	To re-elect YBhg Tan Sri Nik Mohamed bin Nik Yaacob as a Director		
5.	To re-appoint YBhg Dato' Chew Kong Seng as a Director pursuant to Section 129 of the Companies Act, 1965		
6.	To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
7.	As a special business, to approve the ordinary resolution on authority to Directors to issue shares		
8.	As a special business, to approve the ordinary resolution on the proposed shareholders' mandate on recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM		
9.	As a special business, to approve the ordinary resolution on the proposed shareholders' mandate on recurrent related party transactions of a revenue or trading nature with the Directors and Major Shareholders of the Company and persons connected with them		
10.	As a special business, to approve the ordinary resolution on the proposed shareholders' mandate on recurrent related party transactions of a revenue or trading nature with Tower Real Estate Investment Trust		

Dated this ________________ day of ________________ 2011.

____
Number of shares held

____
Signature(s) of Member

NOTES:

1. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy 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.
4. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where two (2) proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid (please refer to note 7 below). Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.
7. In the event two (2) proxies are appointed, please fill in the ensuing section:

Names of Proxies	% of shareholdings to be represented