annual report 2012

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

GuocoLand (Malaysia) Berhad

ANNUAL REPORT 2012

GuocoLand (Malaysia) Berhad (300-K)
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GuocoLand
(Malaysia) Berhad

GuocoLand (Malaysia) Berhad ("GLM"), a leading property developer in Malaysia, is part of the Singapore-based GuocoLand Limited ("GLL"), the property arm of the Hong Leong Group. An award-winning developer whose developments are distinguished by quality, innovative designs and concepts, GLL is a leading regional property player with established operations and substantial landbank in China, Malaysia, Singapore and Vietnam.

GLM, listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), has an established presence of over 50 years in property development and investment, and hotel operations in Malaysia. It has sizeable landbank for residential and commercial development in Kuala Lumpur and prime locations in Greater Kuala Lumpur.

Key projects in the Klang Valley include the award-winning and soon-to-be-launched Damansara City, the Emerald master planned township in Rawang, PJ City Corporate Hub, Commerce One and Amandarii.

GLM REIT Management Sdn Bhd, a wholly-owned subsidiary of GLM, is the manager of Tower Real Estate Investment Trust ("Tower REIT") which is listed on the Main Market of Bursa Securities. Tower REIT currently has an investment portfolio comprising three prime commercial buildings – Menara HLA, HP Towers and Menara ING in Kuala Lumpur – with a total net lettable area of about 907,000 square feet and valuation of RM607 million. GLM derives recurring management income in tandem with growth in the assets of Tower REIT. GLM also owns two hotels – Thistle Johor Bahru and Thistle Port Dickson Resort.

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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 69, 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; 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 47, 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 39, 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 63, 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 68, 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 from 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.

YBHG DATO' CHEW KONG SENG

Non-Executive Director/Independent

Dato' Chew Kong Seng @ Chew Kong Huat, aged 74, 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 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, both 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 59, a Singaporean, holds a Bachelor of Accountancy degree from the University of Singapore. He has 35 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 63, 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 SapuraKencana 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-eighth 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 Wednesday, 10 October 2012 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 2012.

2. To declare a final dividend of 4% less tax for the financial year ended 30 June 2012 to be paid on 31 October 2012 to members registered in the Record of Depositors on 17 October 2012. ***(Resolution 1)***

3. To approve the payment of Director fees of RM430,000 for the financial year ended 30 June 2012 (2011: RM360,000), 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 Tan Keok Yin; and ***(Resolution 3)***

   (b) YBhg Dato' Ong Joo Theam. ***(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 18 September 2012, 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 and/or from the public, where applicable, 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 18 September 2012 (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 and/or from the public, where applicable, 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 18 September 2012, 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 and/or from the public, where applicable, 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 17 October 2012 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
18 September 2012

Notes

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 28 September 2012 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. Save for a member who is an exempt authorised nominee, 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 may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.
3. A member who is an exempt authorised nominee for multiple beneficial owners in a securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
4. 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 and 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 11 October 2011 and which will lapse at the conclusion of the Eighty-eighth Annual General Meeting.

   The Renewed Mandate will enable the Directors to take swift action in case of, inter-alia, a need for corporate exercises or in the event business opportunities or other circumstances 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 and/or from 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 18 September 2012 which is despatched together with the Company's 2012 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-eighth 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.

TERMS OF REFERENCE cont'd

- 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 at least four (4) times a year 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.

MEETINGS cont'd

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 2012, five (5) Committee meetings were held and the attendance of the Committee members was as follows:

Members	Attendance
Mr Tan Keok Yin	5/5
YBhg Dato' Chew Kong Seng	5/5
YBhg Dato' Ong Joo Theam	5/5

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 2012 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 2012 amounted to RM283,931.

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 2012. 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	4/4
YBhg Dato' Ong Joo Theam	3/4
Mr Tan Keok Yin	4/4
YBhg Dato' Chew Kong Seng	4/4
Mr Quek Chee Hoon	4/4
YBhg Tan Sri Nik Mohamed bin Nik Yaacob	3/4

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 2012, 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 2012, 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.

A. DIRECTORS cont'd

VII Training and Education cont'd

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.

During the financial year ended 30 June 2012, the directors of the Company, including members of the Board Audit & Risk Management Committee, collectively or on their own, attended the following training programmes, seminars, briefings and/or workshops:

- Optimising IFRS/MFRS Convergence
- Transaction by Directors
- Risk Management Workshop
- Comprehensive Overview of Standards
- Introduction to Fixed Income, Interest Rate and Foreign Exchange
- Group Audit Committee Forum
- Blue Ocean Strategy
- An Overview of the Amendments to the Main Market Listing Requirements and Corporate Governance Development
- Corporate Governance Consultation Papers and Updates
- Financial Reporting
- Take-overs and Mergers
- Listing Rules

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.

B. DIRECTORS' REMUNERATION cont'd

II Procedure cont'd

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.

III Disclosure

The aggregate remuneration of directors (including remuneration earned as directors of subsidiaries) for the financial year ended 30 June 2012 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	113,000	957,560	1,070,560
Non-Executive Directors	400,000	80,000	480,000

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	-	-
50,001 – 100,000	1	6
100,001 – 1,000,000	-	-
1,000,001 – 1,050,000	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. : 03-2726 1000
Fax No. : 03-2726 1120
E-mail address : ycsoon@guocoland.com.my

C. SHAREHOLDERS cont'd

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 five (5) times during the financial year ended 30 June 2012. 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.

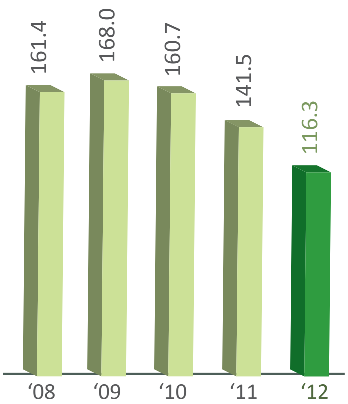
The directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2012, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting 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.

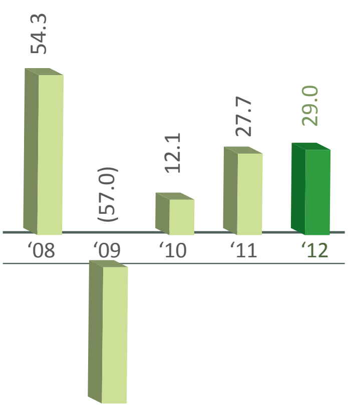
Group
Financial Highlights

YEAR ENDED (RM MILLION)	JUNE '08 Restated	JUNE '09 Restated	JUNE '10 Restated	JUNE '11 Restated	JUNE '12
Revenue	161.4	168.0	160.7	141.5	**116.3**
Profit/(Loss) before tax	54.3	(57.0)	12.1	27.7	**29.0**
Profit/(Loss) attributable to shareholders	47.4	(58.0)	15.4	24.7	**26.5**
Net earnings/(Loss) per share (sen)	7.1	(8.7)	2.3	3.7	**4.0**
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	929.7	861.4	860.1	816.6	**762.4**
Total assets	1,754.1	1,891.2	1,818.9	1,866.2	**2,030.2**

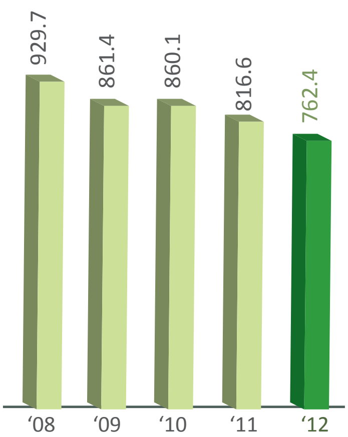
Revenue
RM Million



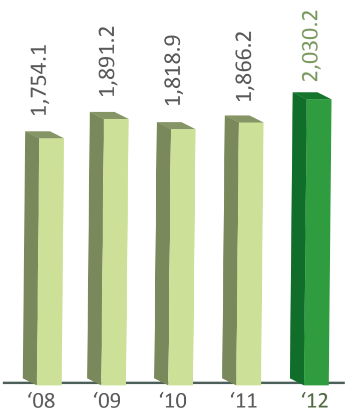
Profit/(Loss) before tax
RM Million

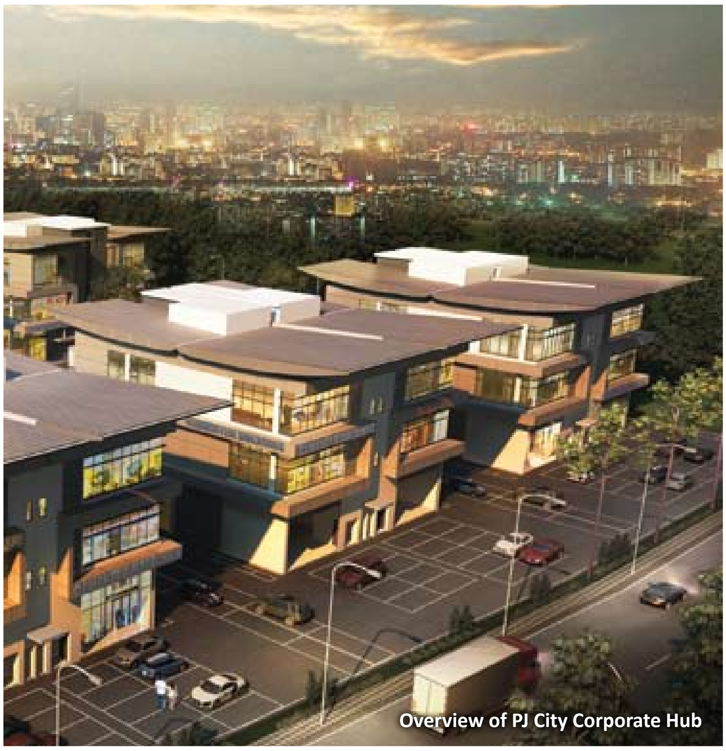


Shareholders' funds
RM Million



Total assets
RM Million





Overview of PJ City Corporate Hub

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") for the financial year ended 30 June 2012.

OPERATING ENVIRONMENT

Malaysia's economy expanded at a slower pace of 5.1% in 2011 compared with an impressive growth of 7.2% in the previous year. Domestic demand, built largely by private and public sectors spending, played a pivotal role in sustaining the growth momentum despite the tough external environment vis-à-vis the sovereign debt crisis in Europe and the gloomy US economic outlook.

On the property front, the outlook is stable with upside in selective sectors albeit at a slower pace compared with 2011 due to the cautious market sentiment. On a more positive note, the demand for properties in the Klang Valley, particularly landed ones in prime locations, has maintained its resilience.

During the year under review, it was evident that property developers started to develop smaller homes due to higher land and construction costs, and to keep prices affordable in tandem with the Government's 1Malaysia Housing Programme (PR1MA), targeting primarily at first time homebuyers.

Living hall of the Amandarii bungalow show unit

OPERATING RESULTS

The Group registered a higher profit before tax of RM29.0 million in the financial year 2011/2012 compared with RM27.7 million in the previous year. The Group, however, reported a lower revenue of RM116.3 million during the year under review as compared to RM141.5 million in the previous year.

Our hotel operations performed well during the year 2011/2012 with increase in corporate and leisure travel market segments, and higher occupancy rates at Thistle Johor Bahru and Thistle Port Dickson Resort.

PROSPECTS

Higher building material costs and scarcity of land aside, the property market is anticipated to experience slower growth in the foreseeable future on the back of the continued global economic uncertainties and cautious consumer spending. Property prices in preferred locations, however, are expected to remain stable but demand is expected to be more selective with the preference for landed and affordable homes.

Going forward, the Group is progressing with the development of the award-winning Damansara City in Damansara Heights and finalisation of the re-development plans for Emerald which will reinforce its position as the residential township of choice in Rawang.

At the same time, the Group will also take advantage of opportunities to expand its landbank, particularly in prime locations in Greater Kuala Lumpur, in order to take the Group to the next stage of growth.

DIVIDEND

The Board has recommended a dividend of 4% less tax for the financial year ended 30 June 2012. The recommended dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

APPRECIATION

I wish to place on record my appreciation to Board members, the management and staff for their hard work, commitment and dedication over the past year. On behalf of the Board, I would also like to thank our valued customers, shareholders, business partners, investors, among others, for their unwavering support.

TAN SRI QUEK LENG CHAN
Chairman
23 August 2012

Managing Director's
Review

Overview of the award-winning Damansara City

It has been an eventful year and I am very pleased to present the Group's key highlights and performance on the back of a number of strategic announcements as GuocoLand (Malaysia) Berhad ("GLM") pursues the next phase of growth.

During the year under review, we made a strategic decision to proceed with the development of Damansara City, which is targeted to be launched in the second quarter of our current fiscal year. Construction work started in mid September 2011 and is progressing according to schedule following the award of a RM431.1 million contract to Ssangyong Engineering & Construction Co Ltd in August 2011.

To cap the eventful year, Damansara City won two awards at the Asia-Pacific Property Awards 2012 - a 5-star Award in the Residential High-Rise Development Category and a Highly Commended Award in the Retail Development Category. The recognition is a glowing testament to our innovation and commitment in developing the single largest integrated and sustainable development in Damansara Heights.

The Group had also acquired a 45.64-acre land in Cheras for RM105.36 million, a strategic move forward to expand its landbank for future development and to further boost the Group's earnings.

Despite challenging market conditions and stringent lending guidelines from Bank Negara Malaysia, the Group posted a higher pre-tax profit of RM29.0 million for the financial year ended 30 June 2012, compared with RM27.7 million in the last financial year. The better performance was principally attributed to improved contributions from property development activities and hotel operations.

Artist's Impression of Emerald Gardens

Prospective buyers at the sales gallery

Emerald Gardens launch party

Emerald Gardens
- 2½-storey superlink house

PROPERTY DEVELOPMENT

EMERALD – The preferred residential township in Rawang

Emerald, the master planned township in Rawang, continued to generate a lot of interest among homebuyers and investors. Collectively, we launched three phases during the year under review, and the results have been very encouraging, given our continuing efforts to upgrade the amenities of the township and successful branding.

The launch of Emerald Gardens 2 and 2½-storey superlink homes, shortly before the end of the 2011/2012 financial year, was eagerly anticipated with over 60% sold as at 30 June 2012. Equally impressive were the launches of Coris and Cassis terraced homes which registered sales of 100% and 96% respectively during the year under review.

The opening of the AEON Rawang Shopping Centre and the completion of a new Chinese school, SJK (C) Kota Emerald, in late 2011 further strengthened the appeal and attractiveness of the township.

The good news is that more infrastructure and amenity upgrades are in the pipeline for the self-contained township. Among others, residents can look forward to the widening of the 2.5km access road to Emerald from the junction of the AEON Rawang Shopping Centre. The four-lane (from the current two-lane) road is expected to be completed by this year.

Artist's Impression of PJ City Corporate Hub

PROPERTY DEVELOPMENT *cont'd*

PJ CITY CORPORATE HUB – modern factories in the heart of Petaling Jaya

Many entrepreneurs and investors have responded enthusiastically to the PJ City Corporate Hub factories in Section 51A, Petaling Jaya. Many of the 28 units of semi-detached and terraced factories with a gross development value of RM120 million were quickly snapped up with close to 70% sold before the official launch.

The 7.76-acre PJ City Corporate Hub, combining flexible choices of factories with innovative and efficient green building technology features, offers the business fraternity an attractive proposition, given its strategic location along the Federal Highway with easy access to the Kuala Lumpur International Airport and Port Klang.

Artist's Impression of Damansara City mall

PROPERTY DEVELOPMENT *cont'd*

UPCOMING LAUNCHES

All eyes will be on the upcoming launch of our flagship and award-winning Damansara City and the re-development plans for Emerald Rawang.

Construction work on Damansara City, an Entry Point Project under the Economic Transformation Programme, is progressing according to schedule. The mixed-use development on prime freehold land, comprising two luxury condominiums, two office towers, a lifestyle mall and an international-class hotel, promises to add a new dimension to the Kuala Lumpur's skyline.

The Damansara City Sales Gallery, including a show unit with luxurious and branded fittings and fixtures at HP Towers, was completed in July 2012, in time for its planned launch in the second quarter of the current financial year.

In the pipeline is the proposed replanning of Emerald which will take the township to a higher level and reaffirm its position as a preferred residential township in Rawang. The all-new Emerald will incorporate a unique and contemporary neighbourhood living concept, offering greater exclusivity with gated and guarded homes to cater to the discerning homebuyers. Approvals from the relevant authorities are expected in the coming months, and we aim to launch zero-lot bungalows, mid-rise apartments and townhouses by early next year.

PROPERTY INVESTMENT

TOWER REAL ESTATE INVESTMENT TRUST ("Tower REIT" or the "Trust")

Amidst challenging market conditions due to oversupply of office space in the Klang Valley, I am pleased to report that Tower REIT obtained higher occupancy and improved average rental rates.

Both Menara HLA and Menara ING registered 100% occupancy as at 30 June 2012 compared with 99% and 98% respectively for the same date last year. HP Towers also enjoyed a higher occupancy of 81% as at 30 June 2012 compared with 71% on the same date last year.

Generally, overall office occupancy remained flat across all classes of office buildings and the entry of more office space in the second half of 2012 and beyond will put additional pressure on rental yields. We will continue to proactively manage the assets under the Trust's portfolio to safeguard the income stream and explore acquisition opportunities to grow the Trust.


Thistle Johor Bahru


Thistle Port Dickson Resort

HOTELS

HOTEL OPERATIONS

Capitalising on the growth of tourist arrivals and domestic tourism, the hotel operations continued to grow from strength to strength for the third consecutive year. Revenue for Thistle Johor Bahru and Thistle Port Dickson Resort expanded by 14.57% in tandem with the escalation of the corporate and leisure travel market segments, and higher room occupancy, growing to RM58.2 million for the financial year ended 30 June 2012 from RM50.8 million for the same period in 2011.

Thistle Port Dickson Resort is also pursuing the tracks of Thistle Johor Bahru in obtaining a 5-Star certification from the Tourism Ministry which will take effect in the new fiscal year.

Fittingly, TripAdvisor, the world's largest travel website with independent travellers' reviews, awarded Thistle Port Dickson Resort and Thistle Johor Bahru with Certificate of Excellence 2012 and Travellers' Choice 2012 respectively. The achievements of the two properties are evident of the Thistle brand's growth in the market and its strong footing in Malaysia and Asia.

ACKNOWLEDGEMENTS

On behalf of the management team and staff, I wish to thank the Board of Directors for their support and guidance, helping us to record another year of improved results.

To our stakeholders, including the shareholders, customers, business partners, thank you for your unwavering support.

YEOW WAI SIAW
Managing Director
23 August 2012

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. Staff 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, social events initiatives. In this regard, various initiatives such as sports activities, social events and family days, 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 the Hong Leong Foundation ("Foundation"), the charitable arm of the Hong Leong Group. Since its incorporation in 1992, the Foundation's programmes have been funded by the Group companies' contributions and focuses 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. Invitations are also extended to the scholars for industrial training at Group companies to help ensure that scholars graduate into the workforce with sufficient knowledge and relevant experience.

A separate fund is also set aside for scholarship grants for deserving children of Group staff.

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

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 and revision guidance, and a hot meal.

The Foundation currently has 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, cash and in-kind contributions are distributed to charities nationwide.

For this fiscal year, contributions amounting to about RM2 million have been made to Cheshire Home Selangor, Rumah Desa Amal Jireh, Rumah Grace, Rumah Graceville, Rumah Miriam, Rumah Orang-orang Tua Seri Setia, Rumah Stepping Stones Life Center, Rumah Victory, Rumah Kebajikan Warga Tua WP, Salvation Army Joyhaven, Sunshine Cottage Welfare Home, Pertubuhan Orang-orang Bermasalah Pembelajaran Dayspring, Sarawak Society for the Blind, Montfort Boys Town, Silent Teddies Bakery, Yayasan Sunbeams Home, Pusat Kanak-kanak Cacat Pulau Pinang, Pusat Kebajikan Care Haven, Ray of Hope, Little Sisters of the Poor, Persatuan Kebajikan Kanak-kanak Kajang, Malaysian Emergency Medical Support Association (MEMSA) and Pusat Perubatan Universiti Malaya (PPUM).

Community Partner Programme

Our Community Partner Programme is based on the dual ideals of capacity building and empowerment. We work 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 our community partner, Science of Life 24/7 (SOL).

Small Enterprise Programme

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

This year, our 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 2012.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are as stated in Note 40 to the financial statements.

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	29,000	1,497
Profit attributable to:		
Owners of the Company	26,534	1,497
Non-controlling interests	2,466	-
	29,000	1,497

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 other than as disclosed in the financial statements.

DIVIDEND

The dividend paid by the Company since 30 June 2011 was as follows:

	RM'000
In respect of the financial year ended 30 June 2011:	
Final dividend of 2 sen per share less tax at 25% on 669,880,418 (net of ESOS Trust shares) ordinary shares of RM0.50 each, paid on 1 November 2011	10,048

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2012, of 2 sen per share less tax at 25% 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 2013.

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 Tan Keok Yin and YBhg Dato' Ong Joo Theam 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 1.7.2011**	**Acquired**	**Sold**	**As at 30.6.2012**
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)	13,333,333	-	-	**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

	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 1.7.2011**	**Acquired**	**Sold**	**As at 30.6.2012**
Interest of Mr Yeow Wai Siaw in:					
GuocoLand (Malaysia) Berhad		-	10,000,000*	-	**10,000,000***
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)	22,064,798	-	-	**22,064,798**
		12,170,773 *	-	(12,170,773) *(10)	**-**
Interests of Mr Poh Yang Hong in:					
GuocoLand (Malaysia) Berhad	0.50	3,000,000	-	-	**3,000,000**
Hong Leong Financial Group Berhad	1.00	4,004,800	153,198	-	**4,157,998**
Hong Leong Industries Berhad	0.50	39,200	-	-	**39,200**
Malaysian Pacific Industries Berhad	0.50	14,700	-	-	**14,700**

DIRECTORS' INTERESTS cont'd

	Nominal value per share RM	As at 1.7.2011	Acquired	Sold	As at 30.6.2012
	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	13,069,100	-	-	**13,069,100**
Hong Leong Financial Group Berhad	1.00	824,737,300 (6) 1,825,000 *(6)	635,000 (6)(9) 1,800,000 *(6)	- (635,000) *(6)(9) (350,000) *(6)(10)	**825,372,300** (6) **2,640,000** *(6)
Hong Leong Capital Berhad	1.00	195,263,227	-	-	**195,263,227**
Hong Leong Bank Berhad	1.00	968,216,100	195,767,885 (8)	-	**1,163,983,985**
Hong Leong MSIG Takaful Berhad	1.00	65,000,000	-	-	**65,000,000**
Hong Leong Assurance Berhad	1.00	140,000,000	-	-	**140,000,000**
Hong Leong Industries Berhad	0.50	246,136,603 (6)	-	-	**246,136,603** (6)
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**
Century Touch Sdn Bhd (formerly known as Guocera Tile Industries (Labuan) Sdn Bhd) (In members' voluntary liquidation)	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

	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 1.7.2011	Acquired	Sold	As at 30.6.2012
Interests of YBhg Tan Sri Quek Leng Chan in: cont'd					
Malaysian Pacific Industries Berhad	0.50	110,245,457 (6)	-	-	**110,245,457 (6)**
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**
Southern Steel Berhad	1.00	301,541,202 (11)	-	-	**301,541,202**
Southern Speciality Wire Sdn Bhd	1.00	5,625,000 (11)	1,875,000	-	**7,500,000 (12)**
Southern Pipe Industry (Malaysia) Sdn Bhd					
- Ordinary shares	1.00	54,383,093 (11)	-	-	**54,383,093**
- Redeemable preference shares	1.00	100,000 (11)	-	-	**100,000**
Guoco Group Limited	USD0.50	235,798,529	150,000	-	**235,948,529**
GuocoLand Limited	(1)	819,244,363 (6)	-	-	**819,244,363 (6)**
		8,724,438 *	283,875 *	(9,008,313)*(14)	**-**
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**
Nanjing Mahui Property Development Co., Ltd	(2)	271,499,800	-	-	**271,499,800**
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**

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 1.7.2011**	**Acquired**	**Sold**	**As at 30.6.2012**
Interests of YBhg Tan Sri Quek Leng Chan in: cont'd					
Shanghai Xinhaojia Property Development Co., Ltd	(2)	-	3,150,000,000	-	**3,150,000,000**
Shanghai Xinhaozhong Property Development Co., Ltd	(3)	19,600,000	-	-	**19,600,000**
Beijing Cheng Jian Dong Hua Real Estate Development Company Limited	(2)	50,000,000	-	-	**50,000,000**
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)	24,000,000	-	-	**24,000,000**
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)(13)	**-**
Guangzhou Lam Soon Food Products Limited	(4)	6,570,000	-	-	**6,570,000**
GuocoLand (Malaysia) Berhad	0.50	456,055,616	-	-	**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	918,501,425	3,339,000	-	**921,840,425**
The Rank Group Plc	GBP13$^{8/9}$p	266,044,391	25,002,149	-	**291,046,540**
Park House Hotel Limited (In members' voluntary liquidation)	GBP10p	2,883,440	-	-	**2,883,440**

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 1.7.2011**	**Acquired**	**Sold**	**As at 30.6.2012**
Interest of Mr Quek Chee Hoon in:					
GuocoLand (Malaysia) Berhad	0.50	1,000,000 (7)	-	-	**1,000,000** (7)
Interests of Mr Poh Yang Hong in:					
Hong Leong Bank Berhad	1.00	15,000	3,000 (8)	-	**18,000**
GuocoLand Limited	(1)	1,921,000	-	-	**1,921,000**
Guoco Group 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) Inclusive of interest pursuant to Section 134(12)(c) of the Companies Act, 1965 in shares held by family member
(7) Interest pursuant to Section 134(12)(c) of the Companies Act, 1965 in shares held by family member
(8) Inclusive of shares acquired from rights issue
(9) Exercise of share options
(10) Share options lapsed
(11) Shareholding as at 3 January 2012 when the corporation concerned became a related corporation
(12) Became a wholly-owned subsidiary during the financial year
(13) Struck off during the financial year
(14) Inclusive of redemption of convertible bonds

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 of the Company might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Value Creation Incentive Plan.

Since the end of the previous financial year, no director has received or became 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 for the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or for construction, development, leases, tenancy, licensing, dealership and distributorship; and/or for the provision of treasury functions, advances in the conduct of normal trading, banking, 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 44 to the financial statements.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 11 October 2011, the shareholders of the Company had approved:

1. the termination of the ESOS of the Company which was established in year 2006 and which was to expire in year 2016 ("Terminated ESOS"); and

2. the establishment of a new ESOS of up to 15% of the issued and paid-up ordinary share capital of the Company ("New ESOS").

The Company has not offered any option pursuant to the Terminated ESOS.

The Company is a subsidiary of GuocoLand Limited, which in turn is a subsidiary of Guoco Group Limited ("GGL"), a corporation listed on the Hong Kong Stock Exchange ("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.

Pursuant to the HKSE Listing Rules, the New ESOS was further approved by the shareholders of GGL on 25 November 2011 ("Approval Date") to replace the Terminated ESOS.

On 23 September 2011, the Company announced that Bursa Malaysia Securities Berhad 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.

EXECUTIVE SHARE OPTION SCHEME ("ESOS") cont'd

The New ESOS was established on 21 March 2012 and shall be in force for a period of 10 years.

The New 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.

The main features of the New ESOS are, inter alia, as follows:

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 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 New ESOS and any other ESOS established by the Company shall not exceed 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 shares of the Company which may be issued upon exercise of options to be granted under the New ESOS must not in aggregate exceed 10% of the issued and paid-up ordinary share capital of the Company as at the Approval Date unless approval shall have been obtained from the shareholders of GGL.

3. In compliance with the HKSE Listing Rules, 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 in GLM in issue unless approval shall have been obtained from the shareholders of GGL.

4. The New ESOS shall be in force for a period of 10 years from 21 March 2012.

5. The option price shall not be at a discount of more than 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.

6. The option granted to an option holder under the New ESOS is exercisable by the option holder only during his employment or directorship 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 New ESOS ("GLM Bye-Laws").

7. 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.

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

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

During the financial year, the Company has established a Value Creation Incentive Plan ("VCIP") for selected key executives of the Group to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the ESOS Trust. Pursuant to the VCIP, the Company has granted options ("VCIP Options") over 27,500,000 GLM shares at an exercise price of RM0.87 per share to eligible key executives of the Group ("VCIP Options Holders"), inclusive of the VCIP Options over 10,000,000 GLM shares granted to the Managing Director of the Company.

EXECUTIVE SHARE OPTION SCHEME ("ESOS") cont'd

The VCIP Options granted are subject to the achievement of prescribed financial and performance targets/criteria by the VCIP Options Holders over a stipulated performance period. No VCIP Option has been vested and all VCIP Options granted are outstanding at the end of the financial year.

As the VCIP does not involve any issuance of new shares, the VCIP and the grant of options under the VCIP do not require the approval of shareholders of the Company and GGL.

The Board shall have the discretion to determine the aggregate allocation of options to directors and senior management pursuant to the New ESOS and the VCIP, but in any case, it shall not exceed the Maximum Aggregate. The VCIP Options granted to director and senior management during the financial year represent approximately 3.78% of the issued and paid-up share capital of the Company.

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 substantially 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 47 to the financial statements.

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**

23 August 2012

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 50 to 132 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 2012 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 49 on page 133 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
23 August 2012

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 50 to 133 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 23 August 2012

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 2012 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 50 to 132.

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 2012 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 40 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

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

The supplementary information set out in Note 49 on page 133 to the financial statements 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.

OTHER MATTERS

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

YAP SENG CHONG
No. 2190/12/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 August 2012

Income
Statements
for the financial year ended 30 June 2012

		GROUP		COMPANY	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
			Restated		
Revenue	4	**116,328**	141,480	**12,352**	10,978
Cost of sales	5	**(73,175)**	(96,716)	**-**	-
Gross profit		**43,153**	44,764	**12,352**	10,978
Selling and marketing expenses		**(9,125)**	(3,602)	**-**	-
Administrative expenses		**(38,881)**	(35,083)	**(7,214)**	(5,454)
Other net operating income	6	**28,861**	8,870	**38**	203
Profit from operations		**24,008**	14,949	**5,176**	5,727
Finance income	7	**3,195**	2,183	**9,470**	8,777
Finance costs	8	**(30,913)**	(25,916)	**(12,254)**	(11,059)
Share of results of associates		**6,881**	9,253	**-**	-
Share of results of jointly controlled entities		**25,817**	27,225	**-**	-
Profit before tax	9	**28,988**	27,694	**2,392**	3,445
Income tax benefit/(expense)	12	**12**	(1,863)	**(895)**	(956)
Profit net of tax		**29,000**	25,831	**1,497**	2,489
Attributable to:					
Owners of the Company		**26,534**	24,701	**1,497**	2,489
Non-controlling interests		**2,466**	1,130	**-**	-
		29,000	25,831	**1,497**	2,489
Earnings per share attributable to owners of the Company:					
Basic and diluted (sen)	13	**3.96**	3.69		

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 2012

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Profit net of tax	**29,000**	25,831	**1,497**	2,489
Other comprehensive income:				
Fair value (loss)/gain on available-for-sale investments	**(14,124)**	2,610	**-**	-
Foreign currency translation	**2,197**	(769)	**-**	-
Other comprehensive (loss)/income for the year	**(11,927)**	1,841	**-**	-
Total comprehensive income for the year	**17,073**	27,672	**1,497**	2,489
Attributable to:				
Owners of the Company	**14,607**	26,542	**1,497**	2,489
Non-controlling interests	**2,466**	1,130	**-**	-
	17,073	27,672	**1,497**	2,489

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

Statements
of Financial Position
as at 30 June 2012

		GROUP			COMPANY	
		30.6.2012	30.6.2011	1.7.2010	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
			Restated	Restated		
NON-CURRENT ASSETS						
Property, plant and equipment	15	**229,754**	228,626	357,019	**609**	339
Investment properties	16	**231,761**	241,256	107,000	**-**	-
Land held for property development	17	**185,782**	65,568	77,414	**-**	-
Investments in subsidiaries	18	**-**	-	-	**575,704**	545,411
Investments in associates	19	**102,435**	102,148	93,665	**-**	-
Investments in jointly controlled entities	20	**338,667**	333,178	307,534	**56,000**	56,000
Available-for-sale investments	21	**89,158**	7,673	4,989	**-**	-
Goodwill	22	**14,891**	15,118	15,915	**-**	-
Deferred tax assets	23	**3,392**	2,936	2,246	**-**	-
		1,195,840	996,503	965,782	**632,313**	601,750
CURRENT ASSETS						
Inventories	24	**446,889**	453,835	473,606	**-**	-
Property development costs	25	**269,159**	232,206	240,545	**-**	-
Trade and other receivables	26	**30,326**	46,980	109,336	**305,419**	267,379
Other current assets	27	**2,977**	1,241	1,556	**-**	-
Derivative financial asset	37	**17**	-	-	**-**	-
Tax recoverable		**7,302**	2,917	2,761	**3,251**	1,922
Cash and cash equivalents	30	**40,700**	132,471	25,310	**174**	2,078
		797,370	869,650	853,114	**308,844**	271,379
Non-current asset classified as held for sale	29	**37,000**	-	-	**-**	-
		834,370	869,650	853,114	**308,844**	271,379
TOTAL ASSETS		**2,030,210**	1,866,153	1,818,896	**941,157**	873,129

		GROUP			COMPANY	
		30.6.2012	30.6.2011	1.7.2010	2012	2011
	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	31	**350,229**	350,229	350,229	**350,229**	350,229
Reserves	32	**436,033**	490,267	533,773	**140,524**	147,825
Equity funds		**786,262**	840,496	884,002	**490,753**	498,054
Shares held by ESOS Trust	33	**(23,883)**	(23,883)	(23,883)	**(23,883)**	(23,883)
		762,379	816,613	860,119	**466,870**	474,171
Non-controlling interests		**79,983**	77,517	76,387	**-**	-
TOTAL EQUITY		**842,362**	894,130	936,506	**466,870**	474,171
NON-CURRENT LIABILITIES						
Amounts due to subsidiaries	34	**-**	-	-	**214,749**	126,221
Loans and borrowings	35	**792,554**	544,264	224,147	**27,000**	4,000
Deferred tax liabilities	23	**15,352**	15,576	16,479	**-**	-
		807,906	559,840	240,626	**241,749**	130,221
CURRENT LIABILITIES						
Trade and other payables	36	**72,395**	64,252	85,651	**9,295**	93,237
Progress billings in respect of property development cost		**-**	9,853	488	**-**	-
Loans and borrowings	35	**307,304**	337,688	555,590	**223,243**	175,500
Tax payable		**243**	390	35	**-**	-
		379,942	412,183	641,764	**232,538**	268,737
TOTAL LIABILITIES		**1,187,848**	972,023	882,390	**474,287**	398,958
TOTAL EQUITY AND LIABILITIES		**2,030,210**	1,866,153	1,818,896	**941,157**	873,129

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 2012

	Attributable to Owners of the Company										
		Non-Distributable						Distributable			
	Share capital (Note 31) RM'000	Share premium (Note 32) RM'000	Exchange reserve (Note 32) RM'000	Fair value reserve (Note 32) RM'000	Share option reserve (Note 32) RM'000	Merger reserve (Note 32) RM'000	Shares held by ESOS Trust (Note 33) RM'000	Retained profits (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
GROUP											
At 1 July 2010 (Restated)	350,229	35,089	-	-	-	80,265	(23,883)	418,419	860,119	76,387	936,506
Total comprehensive income for the year	-	-	(769)	2,610	-	-	-	24,701	26,542	1,130	27,672
Transactions with owners:											
Pre-merger redemption of preference shares in a subsidiary	-	-	-	-	-	(59,400)	-	(600)	(60,000)	-	(60,000)
Dividend paid (Note 14)	-	-	-	-	-	-	-	(10,048)	(10,048)	-	(10,048)
At 30 June 2011 (Restated)	**350,229**	**35,089**	**(769)**	**2,610**	**-**	**20,865**	**(23,883)**	**432,472**	**816,613**	**77,517**	**894,130**
Total comprehensive income for the year	-	-	**2,197**	**(14,124)**	-	-	-	**26,534**	**14,607**	**2,466**	**17,073**
Transactions with owners:											
Share-based payments	-	-	-	-	**1,250**	-	-	-	**1,250**	-	**1,250**
Pre-merger redemption of preference shares in a subsidiary	-	-	-	-	-	**(14,850)**	-	**(150)**	**(15,000)**	-	**(15,000)**
Pre-merger dividend paid	-	-	-	-	-	-	-	**(15,000)**	**(15,000)**	-	**(15,000)**
Acquisition of subsidiaries	-	-	-	-	-	**(30,043)**	-	-	**(30,043)**	-	**(30,043)**
Dividend paid (Note 14)	-	-	-	-	-	-	-	**(10,048)**	**(10,048)**	-	**(10,048)**
At 30 June 2012	**350,229**	**35,089**	**1,428**	**(11,514)**	**1,250**	**(24,028)**	**(23,883)**	**433,808**	**762,379**	**79,983**	**842,362**

	Non-Distributable					Distributable	
	Share capital (Note 31) RM'000	Share premium (Note 32) RM'000	Share Option reserve (Note 32) RM'000	Merger reserve (Note 32) RM'000	Shares held by ESOS Trust (Note 33) RM'000	Retained profits (Note 32) RM'000	Total RM'000
COMPANY							
At 1 July 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**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,497**	**1,497**
Transactions with owners:							
Share-based payments	**-**	**-**	**1,250**	**-**	**-**	**-**	**1,250**
Dividend paid (Note 14)	**-**	**-**	**-**	**-**	**-**	**(10,048)**	**(10,048)**
At 30 June 2012	**350,229**	**35,089**	**1,250**	**68,219**	**(23,883)**	**35,966**	**466,870**

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 2012

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
		Restated		
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**28,988**	27,694	**2,392**	3,445
Adjustments for:				
Bad debts written off	**5**	-	**-**	-
Mark to market gain on derivatives	**(17)**	-	**-**	-
Property, plant and equipment:				
- depreciation	**6,050**	6,023	**105**	94
- written off	**480**	98	**-**	-
- loss/(gain) on disposal	**108**	(246)	**-**	(181)
Inventories written down	**1,812**	-	**-**	-
Reversal for allowance for impairment on trade and other receivables	**(21)**	(442)	**-**	-
Allowance for impairment on trade and other receivables	**522**	86	**-**	-
Reversal of goodwill	**227**	797	**-**	-
Reversal of impairment loss on property development costs	**(1,618)**	(2,566)	**-**	-
Write-back of provision for foreseeable loss	**(21,801)**	-	**-**	-
Share-based payments	**1,250**	-	**1,250**	-
Dividend income	**(3,752)**	-	**(10,600)**	(9,863)
Finance costs	**30,913**	25,916	**12,254**	11,059
Interest income	**(3,195)**	(2,183)	**(9,470)**	(8,777)
Share of results of associates	**(6,881)**	(9,253)	**-**	-
Share of results of jointly controlled entities	**(23,949)**	(25,644)	**-**	-
Operating profit/(loss) before working capital changes carried forward	**9,121**	20,280	**(4,069)**	(4,223)

	GROUP 2012 RM'000	GROUP 2011 RM'000 Restated	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Operating profit/(loss) before working capital changes brought forward	**9,121**	20,280	**(4,069)**	(4,223)
Working capital changes:				
Inventories	**5,134**	19,771	**-**	-
Due from contract customers	**-**	280	**-**	-
Receivables	**11,087**	(3,875)	**(105)**	(39)
Property development costs	**(36,422)**	24,543	**-**	-
Payables	**21,091**	(11,381)	**1,312**	419
Associates balances	**11**	(4)	**(1)**	-
Jointly controlled entities balances	**(1,014)**	5,571	**(198)**	63
Inter-company balances	**-**	-	**(28,365)**	12,183
Related company balances	**3,996**	60,403	**(5)**	30
Cash generated from/(used in) operations	**13,004**	115,588	**(31,431)**	8,433
Interest received	**2,912**	580	**-**	-
Interest paid	**(42,766)**	(33,149)	**(7,746)**	(11,046)
Tax paid	**(5,200)**	(3,257)	**(2,224)**	(1,268)
Net cash (used in)/generated from operating activities	**(32,050)**	79,762	**(41,401)**	(3,881)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment (Note a)	**(8,095)**	(6,539)	**(375)**	(14)
Acquisitions of additional interest in an associate	**-**	(5,103)	**-**	-
Acquisitions of subsidiaries	**(30,043)**	-	**(30,293)**	-
Additions in:				
- land held for property development	**(109,932)**	(246)	**-**	-
- investment properties under construction	**(25,462)**	-	**-**	-
Dividend income from:				
- associate	**6,594**	5,873	**-**	-
- jointly controlled entities	**18,460**	-	**-**	-
- investment securities	**3,447**	-	**-**	-
Purchase of investment securities	**(92,431)**	(74)	**-**	-
Proceeds from disposals of property, plant and equipment	**276**	487	**-**	277
Interest received	**283**	1,603	**9,470**	8,777
Net cash (used in)/generated from investing activities	**(236,903)**	(3,999)	**(21,198)**	9,040

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
		Restated		
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank borrowings drawdown	**375,324**	524,110	**78,000**	58,800
Repayment of bank borrowings	**(168,624)**	(416,181)	**(19,000)**	(48,000)
Pre-merger redemption of preference shares in a subsidiary	**(15,000)**	(60,000)	**-**	-
Pre-merger dividend paid by a subsidiary	**(15,000)**	-	**-**	-
Dividend paid	**(10,048)**	(10,048)	**(10,048)**	(10,048)
Net cash generated from financing activities	**166,652**	37,881	**48,952**	752
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(102,301)**	113,644	**(13,647)**	5,911
Effect of exchange rate changes on cash and cash equivalents	**(676)**	(769)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**127,868**	14,993	**2,078**	(3,833)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 30)	**24,891**	127,868	**(11,569)**	2,078

Note:

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

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cash	**8,095**	6,539	**375**	14
Borrowing costs capitalised	**615**	2,706	**-**	-
Total additions (Note 15)	**8,710**	9,245	**375**	14

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

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 of the Company 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 19, Block B, HP Towers, 12 Jalan Gelenggang, Bukit Damansara, 50490 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 as stated in Note 40. 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 23 August 2012.

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 2011 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant 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 2011, 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 2011 and 1 July 2011:

Description	Effective for annual periods beginning on or after
Amendments 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) issued in 2010	1 January 2011
IC Interpretation 4 : Determining Whether an Arrangement contains a Lease	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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Changes in accounting policies cont'd

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

Amendments to FRS 7 : Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 39(i). The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 39(e).

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 FRSs and IC Interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 : Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
FRS 124 : Related Party Disclosures	1 January 2012
Amendments to FRS 7 : Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 : Deferred Tax : Recovery of Underlying Assets	1 January 2012
Amendments to FRS 101 : Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 : Consolidated Financial Statements	1 January 2013
FRS 11 : Joint Arrangements	1 January 2013
FRS 12 : Disclosure of Interests in Other Entities	1 January 2013
FRS 13 : Fair Value Measurement	1 January 2013
FRS 119 : Employee Benefits	1 January 2013
FRS 127 : Separate Financial Statements	1 January 2013
FRS 128 : Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 : Government Loans	1 January 2013
Amendments to FRS 7 : Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 : Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities : Transition Guidance	1 January 2013
Improvements to FRSs (2012)	1 January 2013
IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 : Financial Instruments	1 January 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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

The initial application of the standards and interpretations above is expected to have no significant impact on the financial statements of the Group and of the Company, except as disclosed below:

Amendments to FRS 112 : Deferred Tax : Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduce a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

As at 30 June 2012, the Group recognised deferred tax liability of RM427,000 in relation to fair value changes of its investment properties on the basis that their recovery is through use. Upon adoption of this amendment, approximately RM427,000 will be adjusted retrospectively.

Amendments to FRS 101 : Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

FRS 9 : Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10 : Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 11 : Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard will not have any material impact to the financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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

FRS 12 : Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 : Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

FRS 127 : Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 : Investment in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investment in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework.

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and/or IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities"). Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group has opted to defer the adoption of the MFRS Framework to the financial year beginning on 1 July 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.4 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 the 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.

Intra-group transactions, balances and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses arising from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for by applying the acquisition method, except for business combinations which were accounted for using merger method of accounting as below:

(i) subsidiaries that were consolidated prior to 1 January 2002 using the merger method of accounting where these subsidiaries continue to be consolidated using the merger method of accounting.

(ii) business combinations involving entities or businesses under common control.

Under the acquisition method, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.14. In instances where the latter amount exceeds the former, the excess is recognised as a gain or bargain purchase in profit or loss on the acquisition date.

For business combinations accounted for by applying the merger method of accounting, the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 Subsidiaries

A subsidiary is an entity over which the Group has the ability to control the financial and operating policies so as to obtain benefits from its 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 profit or loss.

2.7 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.

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 profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.7 Associates cont'd

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 profit or loss.

2.8 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 in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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 profit or loss.

2.9 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.9 Foreign currency cont'd

(b) Foreign currency transactions cont'd

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 profit or loss 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 profit or loss 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 profit or loss 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 the profit or loss.

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.

2.10 Property, plant and equipment

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 costs are recognised in profit or loss as 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

2.10 Property, plant and equipment 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, and adjusted if appropriate, at each reporting date.

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 profit or loss.

2.11 Investment properties and investment properties under construction

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 profit or loss 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 profit or loss in the year of retirement or disposal.

Investment properties under construction ("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, as deemed appropriate. 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.

2.12 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.12 Construction contracts cont'd

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.

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.

2.13 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 profit or loss 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 profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.14 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.15 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 profit or loss 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 profit or loss 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.16 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.

(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 profit or loss. 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 profit or loss 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 profit or loss 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 profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.16 Financial assets cont'd

(c) Held-to-maturity investments cont'd

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.

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 profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's 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 profit or loss.

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.

2.17 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.17 Impairment of financial assets cont'd

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

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

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

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

(b) 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 profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss 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 profit or loss 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 profit or loss.

2.18 Inventories

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

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

Cost of development properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate propositions of common costs.

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

2.19 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.

2.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current asset is brought up-to-date in accordance with applicable FRSs.

2.21 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.

2.22 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 profit or loss. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.22 Financial liabilities cont'd

(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.

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 profit or loss 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 profit or loss.

2.23 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.

2.24 Trust for executive share option schemes

The Company has established a trust for its executive share option schemes ("ESOS") and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's share from the open market for the purposes of this trust.

The shares purchased are measured and carried at the cost of purchase 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.25 Borrowing costs cont'd

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

2.26 Leases

(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 profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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 profit or loss 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 2.27(d).

2.27 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) Sales of properties under development, land and properties held for sale

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.13(b).

Revenue from sale of land and properties held for sale are recognised net of discount and upon transfer of significant risks and rewards of ownership to the purchasers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of properties held for sale.

(b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.12.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.27 Revenue recognition cont'd

(c) Dividend income

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

(d) Rental income

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

(e) Hotel income

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

(f) 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.

(g) 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.

2.28 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.28 Income tax cont'd

(b) Deferred tax cont'd

Deferred tax liabilities are recognised for all temporary differences, except: cont'd

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.29 Employee benefits

(a) Short term benefits

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.29 Employee benefits cont'd

(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 profit or loss as incurred. As required by laws, companies in Malaysia make such contributions to the Employee Provident Fund (EPF).

(c) Share-based payments

The Group operates equity-settled, share based compensation plans for the eligible executives of the Group.

The fair value of the employee service received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

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

2.30 Operating segments

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 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:

(a) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment properties. 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

3.1 Critical judgements made in applying accounting policies cont'd

(b) 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.

3.2 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:

(a) Depreciation of property, plant and equipment

The cost of hotel 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 on such assets could be revised.

(b) Property development

The Group recognises property development revenue and expenses in the profit or loss 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.

During the financial year, the Group has recognised reversal of impairment losses and provision for foreseeable loss written back of RM1,618,000 and RM21,801,000 (2011: RM2,566,000 and RM Nil) respectively. Details are provided in Notes 25 and 36.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES cont'd

3.2 Key sources of estimation uncertainty cont'd

(c) Income taxes

(i) 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.

The total carrying value of recognised and unrecognised deferred tax assets of the Group are as disclosed in Note 23.

(ii) 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.

(d) 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.

(e) Share-based payments to employees

The cost of providing share-based payments to employees is charged to the profit or loss over the vesting period of the related share options. The cost is based on the fair value of the options and the number of options expected to vest. The Black-Scholes option pricing model was applied to estimate the fair value of share options granted by the Company. The pricing model requires the input of highly subjective assumptions, including the volatility of share price. The changes in input assumptions can materially affect the fair value estimate.

Details of assumptions made in respect of the share-based payments plans are disclosed in Note 38.

(f) Investment property and investment property under construction

The investment property is stated at fair value based on the valuation performed by the independent professional valuers. The valuers have determined the fair value based on a method of valuation which involves certain estimates and assumptions.

Investment property under construction ("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.

Details of investment properties are disclosed in Note 16.

4. REVENUE

	GROUP 2012 RM'000	GROUP 2011 RM'000 Restated	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Property development:				
- sale of properties under development	**31,223**	49,325	**-**	-
- sale of property inventories	**8,535**	27,954	**-**	-
Rental of properties	**5,102**	5,153	**-**	-
Revenue from hotel operations	**58,226**	50,824	**-**	-
Dividends income from:				
- investment in securities	**3,433**	-	**-**	-
- subsidiaries	**-**	-	**10,600**	9,863
Management fees	**9,809**	8,224	**1,752**	1,115
	116,328	141,480	**12,352**	10,978

5. COST OF SALES

	GROUP 2012 RM'000	GROUP 2011 RM'000	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Property development costs	**18,934**	27,557	**-**	-
Cost of property inventories sold (Note 24)	**6,903**	23,639	**-**	-
Contract costs (Note 28)	**-**	280	**-**	-
Services rendered	**47,338**	45,240	**-**	-
	73,175	96,716	**-**	-

In the previous financial year, included in cost of sales of property development costs was an amount relating to reversal of impairment loss upon sales of properties amounting to RM11,130,000 as further disclosed in Note 25.

6. OTHER NET OPERATING INCOME

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Property, plant and equipment:				
- written off	**(480)**	(98)	**-**	-
- (loss)/gain on disposal	**(108)**	246	**-**	181
Rental income	**5,080**	2,415	**-**	-
Dividend income	**319**	-	**-**	-
Inventories written down	**(1,812)**	-	**-**	-
Reversal of allowance for impairment on trade and other receivables	**21**	442	**-**	-
Allowance for impairment on trade and other receivables	**(522)**	(86)	**-**	-
Reversal of goodwill (Note 22)	**(227)**	(797)	**-**	-
Reversal of impairment loss on property development costs (Note 25)	**1,618**	2,566	**-**	-
Write-back of provision for foreseeable loss (Note 36)	**21,801**	-	**-**	-
Mark to market gain on derivatives	**17**	-	**-**	-
Net realised exchange gain	**860**	-	**-**	-
Other expenses	**(9)**	(334)	**-**	-
Other income	**2,303**	4,516	**38**	22
	28,861	8,870	**38**	203

7. FINANCE INCOME

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Interest income from:				
- subsidiaries	**-**	-	**9,461**	8,767
- late payment interests	**2,912**	580	**-**	-
- others	**283**	1,603	**9**	10
	3,195	2,183	**9,470**	8,777

8. FINANCE COSTS

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- loans and borrowings	**30,199**	25,237	**8,099**	7,428
- subsidiaries	**-**	-	**3,976**	3,425
Others	**714**	679	**179**	206
	30,913	25,916	**12,254**	11,059

9. PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Auditors' remuneration				
- statutory audit	**241**	204	**58**	52
- underprovision in previous year	**7**	1	**6**	-
- other services	**18**	9	**5**	5
Bad debts written off	**5**	-	**-**	-
Direct operating expenses of income generating investment properties	**2,757**	2,674	**-**	-
Depreciation of property, plant and equipments (Note 15)	**6,050**	6,023	**105**	94
Employee benefits expense (Note 10)	**32,319**	27,632	**4,718**	3,086
Non-executive directors' remuneration (Note 11)	**480**	420	**440**	380
Office rental	**2,255**	2,346	**226**	235

10. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Salaries and wages	**26,145**	22,643	**3,131**	2,458
Defined contribution plans	**2,934**	2,434	**481**	294
Social security contributions	**289**	235	**29**	25
Share-based payments	**1,250**	-	**203**	-
Other benefits	**1,701**	2,320	**874**	309
	32,319	27,632	**4,718**	3,086

Included in employee benefits expense of the Group and of the Company are executive director's remuneration excluding benefits-in-kind and share-based payments amounting to RM1,046,000 and RM219,000 (2010: RM985,000 and RM944,000) respectively as disclosed in Note 11.

Included in share-based payments of the Group and of the Company are RM454,000 and RM74,000 respectively in respect of fair value of share options granted to an executive director.

11. DIRECTORS' REMUNERATION

The details of remuneration of the directors of the Company during the financial year were as follows:

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive:				
Salaries and other emoluments	**833**	789	**133**	789
Defined contribution plans	**100**	95	**16**	95
Fees	**113**	101	**70**	60
Estimated money value of benefits-in-kind	**25**	24	**25**	24
	1,071	1,009	**244**	968
Non-Executive:				
Fees	**400**	340	**360**	300
Other emoluments	**80**	80	**80**	80
	480	420	**440**	380
Total directors' remuneration	**1,551**	1,429	**684**	1,348

11. DIRECTORS' REMUNERATION cont'd

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Analysis excluding benefits-in-kind:				
Total directors' remuneration excluding benefits-in-kind				
- Executive directors (Note 10)	**1,046**	985	**219**	944
- Non-executive directors (Note 9)	**480**	420	**440**	380
Total directors' remuneration excluding benefits-in-kind	**1,526**	1,405	**659**	1,324

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

	Number of directors	
	2012	**2011**
Executive directors:		
RM50,001 - RM100,000	**1**	1
RM900,001 - RM950,000	**-**	1
RM1,000,001 - RM1,050,000	**1**	-
	2	2
Non-executive directors:		
RM50,000 and below	**-**	2
RM50,001 - RM100,000	**6**	4
	6	6

12. INCOME TAX (BENEFIT)/EXPENSE

The major tax components of income tax (benefit)/expense for the financial years ended 30 June 2012 and 2011 are:

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Current income tax:				
Malaysian income tax	**47**	2,870	**879**	970
Under/(over)provision in prior years	**621**	586	**16**	(14)
	668	3,456	**895**	956

12. INCOME TAX (BENEFIT)/EXPENSE cont'd

	GROUP 2012 RM'000	GROUP 2011 RM'000 Restated	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	**(747)**	(1,613)	**-**	-
Underprovision in prior years	**67**	20	**-**	-
	(680)	(1,593)	**-**	-
Income tax (benefit)/expense for the year	**(12)**	1,863	**895**	956

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	GROUP 2012 RM'000	GROUP 2011 RM'000 Restated	COMPANY 2012 RM'000	COMPANY 2011 RM'000
Profit before tax	**28,988**	27,694	**2,392**	3,445
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**7,247**	6,924	**598**	861
Tax effect on share of results of associates and jointly controlled entities	**(8,175)**	(9,119)	**-**	-
Tax effect on elimination of dividend from an associate	**1,649**	1,469	**-**	-
Income not subject to tax	**(1,168)**	(677)	**-**	(45)
Expenses not deductible for tax purposes	**3,040**	954	**281**	154
Utilisation of previously unrecognised deferred tax assets	**(7,837)**	(526)	**-**	-
Deferred tax assets not recognised during the year	**4,544**	2,232	**-**	-
Under/(over)provision of income tax expense in prior years	**621**	586	**16**	(14)
Underprovision of deferred tax in prior years	**67**	20	**-**	-
Income tax (benefit)/expense for the year	**(12)**	1,863	**895**	956

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	
	2012	**2011**
		Restated
Profit attributable to owners of the Company (RM'000)	**26,534**	24,701
Weighted average number of ordinary shares in issue ('000)	**669,880**	669,880
Basic earnings per share (sen)	**3.96**	3.69

The Group has no dilution in its earnings per ordinary share as there are no dilutive potential ordinary shares during the financial year.

14. DIVIDEND

	Amount		Net dividend per share	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**Sen**	**Sen**
GROUP/COMPANY				
In respect of financial year ended 30 June 2011				
- Final dividend of 2 sen per share less tax at 25% paid on 1 November 2011	**10,048**	-	**1.50**	-
In respect of financial year ended 30 June 2010				
- Final dividend of 2 sen per share less tax at 25% paid on 3 November 2010	**-**	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 2012, of 2 sen per share less tax at 25% 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 2013.

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 construction 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 2011	2,272	82,230	5,250	109,259	40,145	14,716	14,330	2,135	270,337
Additions	-	-	-	-	3,537	3,293	1,744	136	8,710
Disposals	-	-	-	-	-	(108)	(495)	(136)	(739)
Written off	-	-	-	-	-	(1,882)	(409)	-	(2,291)
Adjustment (Note a)	-	-	-	(668)	-	-	-	-	(668)
At 30 June 2012	2,272	82,230	5,250	108,591	43,682	16,019	15,170	2,135	275,349
Accumulated depreciation									
At 1 July 2011	-	3,807	960	19,295	-	9,629	6,771	1,249	41,711
Charge for the year (Note 9)	-	1,297	56	1,881	-	1,217	1,301	298	6,050
Disposals	-	-	-	-	-	(46)	(253)	(56)	(355)
Written off	-	-	-	-	-	(1,428)	(383)	-	(1,811)
At 30 June 2012	-	5,104	1,016	21,176	-	9,372	7,436	1,491	45,595
Net carrying amount									
At 30 June 2012	2,272	77,126	4,234	87,415	43,682	6,647	7,734	644	229,754

Note a: During the financial year, a subsidiary has finalised the cost incurred for renovation work and RM668,000 was reversed and adjusted against other payables.

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 construction 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	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	-	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

	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
COMPANY				
At 30 June 2012				
Cost				
At 1 July 2011	**345**	**99**	**288**	**732**
Additions	**-**	**80**	**295**	**375**
Written off	**-**	**(5)**	**(157)**	**(162)**
At 30 June 2012	**345**	**174**	**426**	**945**
Accumulated depreciation				
At 1 July 2011	**138**	**59**	**196**	**393**
Charge for the year (Note 9)	**69**	**15**	**21**	**105**
Written off	**-**	**(5)**	**(157)**	**(162)**
At 30 June 2012	**207**	**69**	**60**	**336**
Net carrying amount				
At 30 June 2012	**138**	**105**	**366**	**609**
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

15. PROPERTY, PLANT AND EQUIPMENT cont'd

Borrowing costs capitalised into freehold land and building under construction of the Group amounted to RM615,000 (2011: RM626,000).

The net carrying amounts of property, plant and equipment pledged for borrowings as referred to in Note 35 are as follows:

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
Freehold land and buildings	**65,426**	66,723
Long term leasehold land	**4,234**	4,290
Hotel building on leasehold land	**87,415**	89,964
Freehold land and building under construction	**43,682**	40,145
	200,757	201,122

16. INVESTMENT PROPERTIES

Movements in the investment properties are as follows:

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
At beginning of financial year	**241,256**	107,000
Additions from subsequent expenditure	**27,505**	-
Transfer from:		
- property, plant and equipment (Note 15)	**-**	131,276
- property development costs (Note 25)	**-**	2,980
Non-current asset classified as held for sale (Note 29)	**(37,000)**	-
At end of financial year	**231,761**	241,256

16. INVESTMENT PROPERTIES cont'd

Movements in the investment properties are as follows: cont'd

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
Comprising:		
At valuation:		
Completed investment properties:		
- Freehold land and buildings	**-**	37,000
- Leasehold land and buildings	**70,000**	70,000
	70,000	107,000
At cost:		
Investment properties under construction	**161,761**	134,256
At end of financial year	**231,761**	241,256

Investment properties comprises commercial properties and investment properties under construction ("IPUC"). The commercial 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.

The IPUC comprises 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.

Freehold land and buildings and IPUC are charged to financial institutions as collaterals for credit facilities granted to the Group as disclosed in Note 35.

Included in the IPUC's carrying amount is borrowing costs incurred during the financial year of RM2,043,000 (2011: RM2,080,000).

17. LAND HELD FOR PROPERTY DEVELOPMENT

	Leasehold land RM'000	Freehold land RM'000	Development expenditure RM'000	Total RM'000
GROUP				
At 30 June 2012				
Cost				
At 1 July 2011	**-**	**58,849**	**7,260**	**66,109**
Additions	**-**	**109,875**	**3,639**	**113,514**
Transfer from property development costs (Note 25)	**-**	**7,850**	**-**	**7,850**
At 30 June 2012	**-**	**176,574**	**10,899**	**187,473**
Accumulated impairment losses				
At 1 July 2011	**-**	**(541)**	**-**	**(541)**
Transfer from property development costs (Note 25)	**-**	**(1,150)**	**-**	**(1,150)**
At 30 June 2012	**-**	**(1,691)**	**-**	**(1,691)**
Carrying amount at 30 June 2012	**-**	**174,883**	**10,899**	**185,782**
At 30 June 2011				
Cost				
At 1 July 2010 (Restated)	13,000	58,849	6,106	77,955
Additions	-	-	2,082	2,082
Transfer to property development costs (Note 25)	(13,000)	-	(928)	(13,928)
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

The net carrying amount of land held for property development of RM178,320,000 (2011: RM64,806,000) has been pledged for borrowings as disclosed in Note 35.

Included in the land held for property development is borrowing costs incurred during the financial year of RM3,582,000 (2011: RM1,836,000).

18. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2012	**2011**
	RM'000	**RM'000**
Unquoted shares, at cost	**575,919**	545,626
Less: Accumulated impairment losses	**(215)**	(215)
	575,704	545,411

Details of the subsidiaries are disclosed in Note 40.

Details of acquisitions of the subsidiaries during the financial year are disclosed in Note 47(a).

19. INVESTMENTS IN ASSOCIATES

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
Quoted shares in Malaysia, at cost	**64,890**	64,890
Foreign unquoted shares, at cost	**6**	6
Less: Accumulated impairment losses	**(6)**	(6)
	64,890	64,890
Share of post acquisition reserves	**37,840**	37,553
Share of post acquisition translation reserve	**(295)**	(295)
	102,435	102,148
Represented by:		
Share of net assets of associates	**102,435**	102,148
Market value of quoted shares	**85,684**	75,961

19. INVESTMENTS IN ASSOCIATES cont'd

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interest 2012 %	Effective equity interest 2011 %	Principal activities
^ Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Dormant
^ Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	**22**	22	Investment in real estate and real estate-related assets

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

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 4% (2011: 5%) per annum over the next 5 years and thereafter, grow at a steady rate of 5% (2011: 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 7.12% (2011: 8.75%). 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.

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

	GROUP 2012 RM'000	GROUP 2011 RM'000
Assets and liabilities		
Non-current assets	**131,537**	130,949
Current assets	**527**	301
Total assets	**132,064**	131,250

19. INVESTMENTS IN ASSOCIATES cont'd

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

	GROUP 2012 RM'000	GROUP 2011 RM'000
Assets and liabilities cont'd		
Non-current liabilities	**(22,856)**	(22,856)
Current liabilities	**(6,773)**	(6,246)
Total liabilities	**(29,629)**	(29,102)
Results		
Revenue	**11,559**	15,778
Profit for the year	**6,881**	6,936

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

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Investments, at cost	**247,432**	247,432	**56,000**	56,000
Share of post acquisition reserves	**91,235**	85,746	**-**	-
	338,667	333,178	**56,000**	56,000

Details of the jointly controlled entities are disclosed in Note 41.

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

	GROUP 2012 RM'000	GROUP 2011 RM'000
Assets and liabilities		
Non-current assets	**259,920**	394,121
Current assets	**223,749**	87,087
Total assets	**483,669**	481,208

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES cont'd

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
Assets and liabilities cont'd		
Non-current liabilities	**(49,758)**	(78,342)
Current liabilities	**(95,244)**	(69,688)
Total liabilities	**(145,002)**	(148,030)
Results		
Revenue	**81,520**	78,854
Expenses, including finance costs and income tax expense	**(55,703)**	(51,629)
Profit for the year	**25,817**	27,225

The Group has recorded elimination of intragroup transactions of RM1,868,000 (2011: RM1,581,000) during the financial year.

21. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
Long term investments		
At fair value:		
Quoted shares in Malaysia	**5,472**	7,599
Quoted shares outside Malaysia	**83,686**	74
Total available-for-sale investments	**89,158**	7,673

Changes in carrying amount of quoted equity instruments was as a result of remeasurement to its current fair value as at reporting date as well as new additions during the financial year.

22. GOODWILL

	GROUP	
	2012	2011
	RM'000	RM'000
At beginning of financial year	15,118	15,915
Reversal during the year (Note 6)	(227)	(797)
At end of financial year	14,891	15,118

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 RM227,000 (2011: RM797,000) due to the reversal of the deferred tax liability relating to the property inventories sold during the current financial year.

23. DEFERRED TAX

	GROUP	
	2012	2011
	RM'000	RM'000
At beginning of financial year	12,640	14,233
Recognised in the profit and loss (Note 12)	(680)	(1,593)
At end of financial year	11,960	12,640
Presented after appropriate offsetting as follows:		
Deferred tax assets	(3,392)	(2,936)
Deferred tax liabilities	15,352	15,576
	11,960	12,640

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 2010	15,915	137	427	16,479
Recognised in the profit or loss	(797)	(106)	-	(903)
At 30 June 2011/1 July 2011	**15,118**	**31**	**427**	**15,576**
Recognised in the profit or loss	**(227)**	**3**	**-**	**(224)**
At 30 June 2012	**14,891**	**34**	**427**	**15,352**

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 2010	(677)	(1,569)	(2,246)
Recognised in the profit or loss	171	(861)	(690)
At 30 June 2011/1 July 2011	**(506)**	**(2,430)**	**(2,936)**
Recognised in the profit or loss	**132**	**(588)**	**(456)**
At 30 June 2012	**(374)**	**(3,018)**	**(3,392)**

23. DEFERRED TAX cont'd

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

	GROUP 2012 RM'000	GROUP 2011 RM'000 Restated
Unused tax losses	**170,211**	157,053
Unabsorbed capital allowances	**66,327**	71,582
Investment tax allowances	**121,789**	121,789
Others	**9,387**	30,462
	367,714	380,886
Deferred tax at 25% (2011: 25%)	**91,929**	95,222

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 2012 RM'000	GROUP 2011 RM'000 Restated
At cost		
Property inventories	**444,738**	452,053
Saleable merchandise	**509**	637
Operating supplies	**533**	578
	445,780	453,268
At net realisable value		
Property inventories	**1,109**	567
	446,889	453,835

The cost of property inventories of the Group recognised as cost of sales during the financial year amounted to RM6,903,000 (2011: RM23,639,000) as disclosed in Note 5.

As at the reporting date, the carrying amount of property inventories of RM442,118,000 (2011: RM446,826,000) has been pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 35.

25. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
		Restated
Cumulative property development costs		
At beginning of financial year:		
Freehold land	**142,503**	156,280
Leasehold land	**46,546**	33,546
Development costs	**175,372**	170,774
	364,421	360,600
Cost incurred during the year:		
Freehold land	**3,840**	17
Leasehold land	**3,971**	-
Development costs	**53,158**	11,100
	60,969	11,117
Less: Impairment losses		
At beginning of financial year	**(37,611)**	(51,307)
Reversal of impairment losses (Note 6)	**1,618**	2,566
Sales of properties (Note 5)	**-**	11,130
Transfer to land held for property development (Note 17)	**1,150**	-
At end of financial year	**(34,843)**	(37,611)
Cumulative cost recognised in the profit or loss:		
At beginning of financial year	**(94,604)**	(68,748)
Recognised during the year	**(18,934)**	(44,100)
Reversal of completed projects	**-**	18,244
At end of financial year	**(113,538)**	(94,604)
Reversal of completed projects	**-**	(18,244)
Transfer (to)/from land held for property development (Note 17)	**(7,850)**	13,928
Transfer to investment properties (Note 16)	**-**	(2,980)
Property development costs at end of financial year	**269,159**	232,206

25. PROPERTY DEVELOPMENT COSTS cont'd

Included in the property development costs is borrowing costs incurred during the financial year of RM5,613,000 (2011: RM2,691,000).

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 35 are RM193,299,000 (2011: RM154,702,000).

26. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
Trade receivables	12,063	26,110	-	-
Less: Allowance for impairment	(729)	(362)	-	-
	11,334	25,748	-	-
Other receivables	8,711	7,502	276	171
Less: Allowance for impairment	(2,176)	(2,052)	-	-
	6,535	5,450	276	171
Subsidiaries	-	-	304,302	266,570
Jointly controlled entities	11,660	10,646	821	623
Related companies	797	5,136	20	15
Total trade and other receivables	30,326	46,980	305,419	267,379
Add: Cash and cash equivalents (Note 30)	40,700	132,471	174	2,078
Total loans and receivables	71,026	179,451	305,593	269,457

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2011: 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 RM248,222,000 (2011: RM239,224,000) due from certain subsidiaries and related company, which bore interest at rates of 4.02% to 4.07% (2011: 3.70% to 4.07%) 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 2012 RM'000	Allowance for impairment 2012 RM'000	Nominal amounts 2011 RM'000	Allowance for impairment 2011 RM'000
GROUP				
Not past due	4,176	-	21,131	-
Past due 1 to 30 days	4,713	-	2,841	-
Past due 31 to 90 days	1,031	-	325	-
More than 90 days	2,143	(729)	1,813	(362)
	12,063	(729)	26,110	(362)

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 2012 RM'000	GROUP 2011 RM'000
Trade receivables - nominal amounts	729	362
Less: Allowance for impairment	(729)	(362)
Net impaired trade receivable	-	-

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

	GROUP 2012 RM'000	GROUP 2011 RM'000
At beginning of financial year	362	325
Add: Allowance made	367	43
Less: Allowance written-back	-	(6)
At end of financial year	729	362

26. TRADE AND OTHER RECEIVABLES cont'd

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

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
At beginning of financial year	**2,052**	4,258
Add: Allowance made	**155**	43
Less: Allowance written-back	**(21)**	(436)
Less: Allowance written-off	**(10)**	(1,813)
At end of financial year	**2,176**	2,052

27. OTHER CURRENT ASSETS

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
Accrued billings in respect of property development costs	**2,748**	390
Prepayments	**229**	851
	2,977	1,241

28. CONSTRUCTION CONTRACTS

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
Contract cost incurred to date	**67,329**	67,329
Attributable profits	**12,118**	12,118
	79,447	79,447
Less: Progress payments received and receivable	**(79,447)**	(79,447)
Due from contract customers	**-**	-
Contract costs recognised in the profit or loss (Note 5)	**-**	280

29. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	GROUP 2012 RM'000	GROUP 2011 RM'000
At beginning of financial year	**-**	-
Reclassified from:		
- investment properties (Note 16)	**37,000**	-
At end of financial year	**37,000**	-

The asset held for sale comprises a commercial building on a freehold land measured at valuation. Disposal of the above asset is expected to be completed within 12 months from the reporting date. The freehold land and building is charged to a financial institution as collateral for credit facilities granted to the Group as disclosed in Note 35.

30. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
Deposits placed with licensed banks	**20,818**	111,529	**-**	1,000
Cash and bank balances	**18,878**	20,942	**174**	1,078
Short term funds	**1,004**	-	**-**	-
Cash and cash equivalents (Note 26)	**40,700**	132,471	**174**	2,078
Bank overdrafts (Note 35)	**(15,809)**	(4,603)	**(11,743)**	-
Cash and cash equivalents in the statements of cash flow	**24,891**	127,868	**(11,569)**	2,078
Of which the balances of amounts placed with a related company, which is a licensed financial institution, are as follows:				
- deposits	**2,900**	3,381	**-**	1,000
- bank balances	**7,544**	10,445	**174**	1,078

Cash and bank balances of the Group include RM4,969,000 (2011: RM227,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

The short term funds represent investments in fixed income trust funds which can be redeemed within 10 days with tax exempt interest rates ranging from 1.77% to 3.07% per annum.

30. CASH AND CASH EQUIVALENTS cont'd

The effective interest rates of deposits placed with licensed banks of the Group as at the reporting date range from 0.16% to 2.65% (2011: 0.12% to 3.00%) per annum.

The maturities of deposits placed with licensed banks of the Group as at the reporting date range from 1 to 31 days (2011: 1 to 31 days).

31. SHARE CAPITAL

	GROUP/COMPANY Ordinary shares of RM0.50 each			
	2012 No. of shares '000	2011 No. of shares '000	2012 Amount RM'000	2011 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.

32. RESERVES

		GROUP		COMPANY	
	Note	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
Non-distributable:					
Share premium		**35,089**	35,089	**35,089**	35,089
Exchange reserve	(a)	**1,428**	(769)	**-**	-
Fair value reserve	(b)	**(11,514)**	2,610	**-**	-
Share option reserve	(c)	**1,250**	-	**1,250**	-
Merger reserve	(d)	**(24,028)**	20,865	**68,219**	68,219
		2,225	57,795	**104,558**	103,308
Distributable:					
Retained profits	(e)	**433,808**	432,472	**35,966**	44,517
		436,033	490,267	**140,524**	147,825

32. RESERVES cont'd

(a) Exchange reserve

Exchange differences arising on translation of financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency are taken into exchange reserve.

(b) Fair value reserve

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

(c) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. Details of share options granted are as disclosed in Note 38.

(d) Merger reserve

The merger reserve of the Group arose as a result of business combinations involving entities under common control accounted for by applying the merger method of accounting. The negative merger reserve as at the reporting date represents the excess of the consideration paid over the share capital and capital reserves of the subsidiaries as at the acquisition date.

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

(e) Retained profits

As at 30 June 2012, 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 2012 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.

33. 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 schemes ("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's and the Company's statements of financial position as a deduction in arriving at the shareholders' equity.

33. SHARES HELD BY ESOS TRUST cont'd

Details of the shares acquired during 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 2011 and 30 June 2012	0.62	1.72	0.78	30,578	23,883

The main features and the details of the ESOS are disclosed in Note 38.

34. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries are unsecured, not expected to be repaid within the next twelve months except for an amount of RM131,909,000 (2011: RM126,221,000) which bears interest ranging from 3.00% to 4.78% (2011: 2.75% to 4.72%) per annum during the financial year.

35. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Bank overdrafts - secured	**4,066**	4,603	**-**	-
Bank overdrafts - unsecured	**11,743**	-	**11,743**	-
Total bank overdrafts (Note 30)	**15,809**	4,603	**11,743**	-
Revolving credits - secured	**31,000**	11,470	**-**	-
Revolving credits - unsecured	**207,500**	200,500	**207,500**	172,500
Term loans - secured	**48,995**	118,115	**-**	-
Term loans - unsecured	**4,000**	3,000	**4,000**	3,000
	307,304	337,688	**223,243**	175,500
Non-current liabilities				
Revolving credits - secured	**10,500**	13,093	**-**	-
Term loans - secured	**755,054**	447,171	**-**	-
Term loans - unsecured	**27,000**	84,000	**27,000**	4,000
	792,554	544,264	**27,000**	4,000
Total loans and borrowings (Note 36)	**1,099,858**	881,952	**250,243**	179,500

35. LOANS AND BORROWINGS cont'd

The maturity of loans and borrowings are as follows:

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
On demand or within 1 year	**307,304**	337,688	**223,243**	175,500
More than 1 year but less than 2 years	**96,054**	126,277	**4,154**	4,000
More than 2 years but less than 5 years	**298,266**	121,328	**22,846**	-
More than 5 years	**398,234**	296,659	**-**	-
	1,099,858	881,952	**250,243**	179,500

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 7.10% to 7.60% (2011: 6.80% to 7.60%) 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 3.77% to 4.67% (2011: 3.25% to 4.55%) 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, development properties and non-current asset classified as held for sale as disclosed in Notes 15, 16, 17, 24, 25 and 29 as well as fixed and floating charges on assets of certain subsidiaries.

The term loans are repayable over the periods from years 2012 to 2022 (2011: 2011 to 2017) and bore interest at rates ranging from 3.81% to 4.78% (2011: 3.25% to 6.35%) per annum during the financial year.

36. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Trade payables	**13,630**	6,328	**-**	-
Associates	**123**	112	**-**	-
Subsidiaries	**-**	-	**5,186**	90,972
Jointly controlled entities	**965**	965	**-**	-
Related companies	**606**	949	**-**	-
Provision for foreseeable loss in land and development	**6,035**	27,836	**-**	-
Retention sum	**11,773**	6,632	**-**	-
Accrued operating expenses	**8,780**	5,812	**3,308**	1,359
Deposits received	**12,411**	1,047	**-**	-
Other payables	**18,072**	14,571	**801**	906
Total trade and other payables	**72,395**	64,252	**9,295**	93,237
Less: Provision for foreseeable loss in land and development	**(6,035)**	(27,836)	**-**	-
Add: Due to subsidiaries (Note 34)	**-**	-	**214,749**	126,221
Add: Loans and borrowings (Note 35)	**1,099,858**	881,952	**250,243**	179,500
Total financial liabilities carried at amortised cost	**1,166,218**	918,368	**474,287**	398,958

The normal credit terms granted by the trade payables range from 30 to 60 days (2011: 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 subsidiaries as disclosed in Note 34.

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

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
At beginning of financial year	**27,836**	33,249
Less: Reversal during the financial year (Note 6)	**(21,801)**	-
Less: Utilisation during the financial year	**-**	(5,413)
At end of financial year	**6,035**	27,836

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 will increase future development costs.

37. DERIVATIVE FINANCIAL ASSET

	GROUP	
	Contract/ Notional amount	**Asset**
	RM'000	**RM'000**
As at 30 June 2012		
Financial asset at fair value through profit or loss:		
Foreign exchange forward contracts	**35,184**	**17**

The Group has no derivative in the previous financial year.

The above derivative instruments are not designated as hedge instruments and are contracted to manage some of the foreign currency exposures of the Group.

During the financial year, the Group recognised a net gain of RM17,000 (2011: RM Nil) arising from fair value changes of derivatives.

38. EMPLOYEE BENEFITS

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The new ESOS was approved by shareholders of the Company on 11 October 2011 and further approved by the shareholders of Guoco Group Limited, an intermediate holding company of the Company which is listed on the Hong Kong Stock Exchange ("HKSE"), on 25 November 2011 ("Approval Date") to replace the Company's former ESOS expiring in year 2016 ("New ESOS"). The New ESOS was established on 21 March 2012 and shall be in force for a period of 10 years.

On 23 September 2011, the Company announced that Bursa Malaysia Securities Berhad 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 New 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.

The main features of the New ESOS are, inter alia, as follows:

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 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 New ESOS and any other ESOS established by the Company shall not exceed 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 shares of the Company which may be issued upon exercise of options to be granted under the New ESOS must not in aggregate exceed 10% of the issued and paid-up ordinary share capital of the Company as at the Approval Date unless approval shall have been obtained from the shareholders of GGL.

38. EMPLOYEE BENEFITS cont'd

EXECUTIVE SHARE OPTION SCHEME ("ESOS") cont'd

The main features of the New ESOS are, inter alia, as follows: cont'd

3. In compliance with the HKSE Listing Rules, 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 in GLM in issue unless approval shall have been obtained from the shareholders of GGL.

4. The New ESOS shall be in force for a period of 10 years from 21 March 2012.

5. The option price shall not be at a discount of more than 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.

6. The option granted to an option holder under the New ESOS is exercisable by the option holder only during his employment or directorship 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 New ESOS ("GLM Bye-Laws").

7. 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.

The ESOS Trust did not acquire any ordinary shares of the Company during the financial year. Details of shares held by ESOS Trust is disclosed in Note 33.

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

During the financial year, the Company has established a Value Creation Incentive Plan ("VCIP") for selected key executives of the Group to incentivise them towards achieving long term performance targets through the grant of options over GLM shares, which options will be satisfied through the transfer of existing GLM shares held by the ESOS Trust. Pursuant to the VCIP, the Company has granted options ("VCIP Options") over 27,500,000 GLM shares at an exercise price of RM0.87 per share to eligible key executives of the Group ("VCIP Options Holders"), inclusive of the VCIP Options over 10,000,000 GLM shares granted to the Managing Director of the Company.

The VCIP Options granted are subject to the achievement of prescribed financial and performance targets/criteria over a stipulated performance period by the VCIP Options Holders. No VCIP Option has been vested and all VCIP Options granted are outstanding at the end of the financial year.

As the VCIP does not involve any issuance of new shares, the VCIP and the grant of options under the VCIP do not require the approval of shareholders of the Company and GGL.

The Board shall have the discretion to determine the aggregate allocation of options to directors and senior management pursuant to the New ESOS and the VCIP, but in any case, it shall not exceed the Maximum Aggregate. The VCIP Options granted to director and senior management during the financial year represent approximately 3.78% of the issued and paid-up capital of the Company.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimated fair value of each VCIP Options granted is between RM0.17 to RM0.42 per option. This was calculated using the Black-Scholes model. The model inputs were the share price at grant date of RM0.83, exercise price of RM0.87, expected option life of 1.5 years to 6.5 years, expected volatility of 42.79%, expected dividends yield of 2.30% to 3.09% and risk-free interest rate of 3.04% to 3.25%.

39. 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 (2011: 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 profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

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		COMPANY	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
25 basis points decrease				
Variable rate instruments	**1,885**	1,471	**626**	449
25 basis points increase				
Variable rate instruments	**(1,885)**	(1,471)	**(626)**	(449)

39. FINANCIAL INSTRUMENTS cont'd

(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 2012:				
Deposits placed with licensed banks	**0.16 - 2.65**	**-**	**20,818**	**20,818**
At 30 June 2011 (Restated):				
Deposits placed with licensed banks	0.12 - 3.00	-	111,529	111,529
Financial liabilities				
At 30 June 2012:				
Loans and borrowings	**3.77 - 7.60**	**1,099,858**	**-**	**1,099,858**
At 30 June 2011:				
Loans and borrowings	3.25 - 7.60	881,952	-	881,952
COMPANY				
Financial assets				
At 30 June 2012:				
Due from subsidiaries	**4.02 - 4.07**	**248,222**	**-**	**248,222**
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
Financial liabilities				
At 30 June 2012:				
Loans and borrowings	**3.77 - 7.45**	**250,243**	**-**	**250,243**
Due to subsidiaries	**3.00 - 4.78**	**131,909**	**-**	**131,909**
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

39. FINANCIAL INSTRUMENTS cont'd

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment in securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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.

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 2012				
GROUP				
Financial liabilities:				
Trade and other payables	72,395	-	-	72,395
Loans and borrowings	353,879	520,148	416,012	1,290,039
Total undiscounted financial liabilities	426,274	520,148	416,012	1,362,434

39. FINANCIAL INSTRUMENTS cont'd

(e) Liquidity risk cont'd

	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 2012				
COMPANY				
Financial liabilities:				
Trade and other payables	**9,295**	**-**	**-**	**9,295**
Loans and borrowings	**233,790**	**29,494**	**-**	**263,284**
Total undiscounted financial liabilities	**243,085**	**29,494**	**-**	**272,579**
At 30 June 2011 (Restated)				
GROUP				
Financial liabilities:				
Trade and other payables	64,252	-	-	64,252
Loans and borrowings	374,826	331,021	316,256	1,022,103
Total undiscounted financial liabilities	439,078	331,021	316,256	1,086,355
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, which are held for long term investment purposes.

The Group generally hedges its foreign exchange exposure using forward exchange contracts with external parties. The contracts used in its hedging programme have term of 3 months or less. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. The fair value gain of the forward exchange contracts as at 30 June 2012 was RM17,000 (2011: Nil).

39. FINANCIAL INSTRUMENTS cont'd

(f) Foreign currency risk cont'd

The Group's exposures to foreign currencies against the functional currencies at the reporting date are as follows:

	HKD RM'000	AUD RM'000	CHF RM'000	SGD RM'000
At 30 June 2012				
GROUP				
Available-for-sale investments	24,438	18,668	7,465	-
Cash and cash equivalents	-	-	-	66
Gross currency exposure	24,438	18,668	7,465	66
Forward exchange contracts	(27,037)	-	(9,213)	-
Net currency exposure	(2,599)	18,668	(1,748)	66

During the financial year, the Group has entered into forward exchange contracts with a notional amount of RM35,184,000 to hedge the Group's foreign exchange exposure.

Sensitivity analysis

A strengthening of the following foreign currencies against the functional currencies at the reporting date would increase or decrease the equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

Functional currencies	Foreign currencies	Rate of increase in foreign currencies	Other comprehensive income RM'000
At 30 June 2012			
GROUP			
USD	HKD	0.57%	139
USD	AUD	5.62%	1,049
USD	CHF	3.53%	264

A weakening of the above foreign currencies against the functional currencies would have an equal but opposite effect.

39. FINANCIAL INSTRUMENTS cont'd

(g) Equity price risk

The Group has available-for-sale investment securities listed in Malaysia, Hong Kong, United States, Australia and Switzerland.

Sensitivity analysis

A 10% to 24% increase in the equity prices at the reporting date would increase the fair value reserve by RM12,603,000. A 10% to 24% decrease in the equity prices would have equal and opposite effect. This analysis assumes that all other variables remain constant.

(h) 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)	36
Loans and borrowings (current)	35
Loans and borrowings (non-current)	35

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 to the reporting date.

Derivatives

Forward currency contracts are valued using a valuation techniques with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

(i) Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1
Quoted market prices in an active market for identical assets or liabilities.

Level 2
Valuation inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly.

39. FINANCIAL INSTRUMENTS cont'd

(i) Valuation of financial instruments cont'd

Level 3
Valuation inputs that are not based on observable market data.

The table below analyses financial instruments, measured at fair value at the end of the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2012				
GROUP				
Financial assets:				
Available-for-sale investments	89,158	-	-	89,158
Derivatives	-	17	-	17
	89,158	17	-	89,175

40. SUBSIDIARIES

The subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2012 %	Effective equity interest 2011 %	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

40. SUBSIDIARIES cont'd

The subsidiaries are as follows: cont'd

Name of company	Country of incorporation	Effective equity interest 2012 %	Effective equity interest 2011 %	Principal activities
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
+ 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
Hikmat Gembira Sdn Bhd	Malaysia	**100**	-	Property investment
Famous Moments Sdn Bhd	Malaysia	**100**	-	Hotel operations
Damansara City Sdn Bhd	Malaysia	**100**	100	Property development and property investment
# Orifour Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation

40. SUBSIDIARIES cont'd

The subsidiaries are as follows: cont'd

Name of company	Country of incorporation	Effective equity interest 2012 %	Effective equity interest 2011 %	Principal activities
# Orifive Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation
Tegas Jejaka Sdn Bhd	Malaysia	**100**	-	Property investment
Impressive Genesis Sdn Bhd	Malaysia	**100**	-	Property investment
Intelligent Circle Sdn Bhd	Malaysia	**100**	-	Car park operations and property investment
# Bedford Excel Venture Sdn Bhd	Malaysia	**100**	100	In 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**	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
^ Wonderful Space Sdn Bhd	Malaysia	**100**	-	Property development and property investment

40. SUBSIDIARIES cont'd

The subsidiaries are as follows: cont'd

Name of company	Country of incorporation	Effective equity interest 2012 %	Effective equity interest 2011 %	Principal activities
^+ PJ Corporate Park Sdn Bhd	Malaysia	**100**	-	Property development
^+ PJ City Development Sdn Bhd	Malaysia	**100**	-	Property development and property investment

+ *Subsidiaries consolidated under merger method of accounting.*
# *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.*

Acquisitions of subsidiaries

The acquisitions of PJ City Development Sdn Bhd and PJ Corporate Park Sdn Bhd are accounted for using merger method of accounting and the effects arising from using the merger method of accounting is further disclosed in Note 48.

The other acquisitions during the financial year do not give rise to any material effects on the results and financial position of the Group.

41. JOINTLY CONTROLLED ENTITIES

The details of jointly controlled entities are as follows:

Name of jointly controlled entity	Country of incorporation	Effective equity interest 2012 %	Effective equity interest 2011 %	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.*

42. 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 2012 and 30 June 2011.

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

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
Equity attributable to the owners of the Company	**762,379**	816,613	**466,870**	474,171
Loans and borrowings (Note 35)	**1,099,858**	881,952	**250,243**	179,500
Less: Cash and cash equivalents (Note 30)	**(40,700)**	(132,471)	**(174)**	(2,078)
Net debt	**1,059,158**	749,481	**250,069**	177,422
Equity : Debt Ratio	**42 : 58**	52 : 48	**65 : 35**	73 : 27

43. 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 properties 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 not more favourable than those arranged with independent parties.

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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
		Restated		Restated		Restated		Restated		Restated		Restated		Restated
Revenue														
External sales	**39,758**	77,279	**5,102**	5,153	**58,226**	50,824	**-**	-	**13,242**	8,224	**-**	-	**116,328**	141,480
Inter-segment sales	**194,000**	-	**-**	-	**-**	-	**-**	-	**8,890**	4,767	**(202,890)**	(4,767)	**-**	-
Total revenue	**233,758**	77,279	**5,102**	5,153	**58,226**	50,824	**-**	-	**22,132**	12,991	**(202,890)**	(4,767)	**116,328**	141,480
Results														
Segment results	**24,326**	18,429	**2,205**	2,381	**8,022**	4,037	**-**	-	**(9,343)**	(8,645)	**-**	-	**25,210**	16,202
Unallocated corporate expenses													**(1,202)**	(1,253)
Profit from operations													**24,008**	14,949
Finance income	**3,080**	1,963	**-**	12	**45**	-	**-**	-	**70**	208	**-**	-	**3,195**	2,183
Finance cost													**(30,913)**	(25,916)
Share of results of associates	**-**	-	**6,881**	9,253	**-**	-	**-**	-	**-**	-	**-**	-	**6,881**	9,253
Share of results of jointly controlled entities	**16,255**	15,262	**-**	-	**-**	-	**9,562**	11,963	**-**	-	**-**	-	**25,817**	27,225
Income tax (expense)/ benefit	**(397)**	(2,474)	**-**	(442)	**2**	(2)	**-**	-	**407**	1,055	**-**	-	**12**	(1,863)
Profit net of tax													**29,000**	25,831
Non-controlling interests													**(2,466)**	(1,130)
Net profit for the year attributable to the owners of the Company													**26,534**	24,701

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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
		Restated		Restated		Restated		Restated		Restated		Restated		Restated
Assets														
Segment assets	**936,745**	847,271	**233,323**	242,114	**236,707**	196,233	**-**	-	**45,481**	131,683	**-**	-	**1,452,256**	1,417,301
Segment assets														
- held for sale	**-**	-	**37,000**	-	**-**	-	**-**	-	**-**	-	**-**	-	**37,000**	-
Investments in associates	**-**	-	**102,435**	102,148	**-**	-	**-**	-	**-**	-	**-**	-	**102,435**	102,148
Long term investments	**5,453**	7,587	**-**	-	**-**	-	**-**	-	**83,705**	86	**-**	-	**89,158**	7,673
Investments in jointly controlled entities	**101,152**	95,297	**-**	-	**-**	-	**237,515**	237,881	**-**	-	**-**	-	**338,667**	333,178
Deferred tax assets													**3,392**	2,936
Tax recoverable													**7,302**	2,917
Consolidated total assets													**2,030,210**	1,866,153
Liabilities														
Segment liabilities	**51,625**	57,706	**5,181**	1,354	**8,647**	10,274	**-**	-	**6,942**	4,771	**-**	-	**72,395**	74,105
Loans and borrowings													**1,099,858**	881,952
Deferred tax liabilities													**15,352**	15,576
Tax payable													**243**	390
Consolidated total liabilities													**1,187,848**	972,023

43. SEGMENT INFORMATION cont'd

	Property development		Property investment		Hotels		Plantation		Others		Elimination		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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
		Restated		Restated		Restated		Restated		Restated		Restated		Restated
Other Information														
Additions/Transfers to non-current assets:														
- Property, plant and equipment	**2,635**	5,582	**-**	-	**2,299**	2,810	**-**	-	**3,776**	853	**-**	-	**8,710**	9,245
- Investment properties	**-**	-	**27,505**	134,256	**-**	-	**-**	-	**-**	-	**-**	-	**27,505**	134,256
Depreciation	**35**	34	**6**	5	**5,125**	5,050	**-**	-	**884**	934	**-**	-	**6,050**	6,023
Reversal of goodwill	**227**	797	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**227**	797
Property, plant & equipment written off	**4**	-	**-**	-	**21**	98	**-**	-	**455**	-	**-**	-	**480**	98
Allowance for impairment on trade and other receivables	**522**	43	**-**	-	**-**	43	**-**	-	**-**	-	**-**	-	**522**	86
Loss/(Gain) on disposal of property, plant and equipment	**-**	(9)	**-**	-	**-**	-	**-**	-	**108**	(237)	**-**	-	**108**	(246)
Inventories written down	**1,812**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,812**	-
Reversal of impairment loss on property development costs	**(1,618)**	(2,566)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(1,618)**	(2,566)
Reversal of allowance for impairment on trade and other receivables	**(21)**	(436)	**-**	-	**-**	(6)	**-**	-	**-**	-	**-**	-	**(21)**	(442)
Write-back of provision for foreseeable loss	**(21,801)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(21,801)**	-

44. 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 relationship 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
Hong Leong Industries Berhad ("HLI")	Subsidiary 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

44. SIGNIFICANT RELATED PARTY TRANSACTIONS cont'd

(b) Transactions within the Group

	COMPANY	
	2012	2011
	RM'000	RM'000
Dividend income	**10,600**	9,863
Management fees	**1,395**	765
Interest income	**9,461**	8,767
Interest expense	**(3,976)**	(3,425)

(c) Related party transactions

	GROUP	
	2012	2011
	RM'000	RM'000
Management services income received/receivable from jointly controlled entities	**4,094**	4,132
Rental income received/receivable from:		
- HLCM Capital Group	**11**	11
- HLI	**15**	-
Management services income received/receivable from:		
- HLCM Capital Group	**7**	21
- GL Group	**250**	152
- Tower REIT	**2,588**	2,494
Property management fees received/receivable from:		
- HLFG Group	**4,205**	2,673
- HLCM Capital Group	**96**	112
- GSC	**7**	-
- Tower REIT	**120**	140
Hotel room rental received/receivable from:		
- HLFG Group	**15**	374
- HLI	**111**	-
Interest income received/receivable from HLFG Group	**165**	24
Insurance premium paid/payable to HLFG Group	**(6)**	(4)
Security guard services fees paid/payable to GSC	**(490)**	(451)
Management services fees paid/payable to GL Group	**(2,468)**	(2,012)
Office rental paid/payable to:		
- HLFG Group	**(1,488)**	(1,666)
- Tower REIT	**(724)**	(680)
Financial and treasury services fees paid/payable to HLMC Group	**(1,114)**	(1,199)
Shares, warrants and ESOS administration services fees paid/payable to HLCM Capital Group	**(87)**	(51)

44. 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 2012 are disclosed in Notes 26, 34 and 36.

(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.

45. CAPITAL COMMITMENTS

	GROUP	
	2012	**2011**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**5,041**	6,816
Investment properties	**107,167**	22,641
	112,208	29,457

46. 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	
	2012	**2011**
	RM'000	**RM'000**
Not later than 1 year	**1,190**	1,488
Later than 1 year and not later than 5 years	**2,381**	856
	3,571	2,344

46. 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 less than 1 year.

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	
	2012	**2011**
	RM'000	**RM'000**
Not later than 1 year	**26**	631
Later than 1 year and not later than 5 years	-	26
	26	657

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisitions of subsidiaries

During the financial year, the following transactions were completed:

(i) On 8 November 2011, the Company had entered into the following conditional share sale agreements with:

(a) GuoLine Asset Sdn Bhd for the proposed acquisition of the entire equity interest in PJ City Development Sdn Bhd ("PJ City") for a cash consideration of RM29,785,000; and

(b) MPI Holdings Sdn Bhd for the proposed acquisition of the entire equity interest in PJ Corporate Park Sdn Bhd ("PJ Corp") for a cash consideration of RM258,000.

The above acquisitions were approved by the members of the Company at the Extraordinary General Meeting of the Company held on 23 March 2012.

On 23 April 2012, the Company had completed the acquisitions of PJ City and PJ Corp (collectively known as the "Merged Entities"). As the Merged Entities were under common control before and after the merger, the Group applied the merger method of accounting. Accordingly, the consolidated financial statements have been accounted for as if the merger had occurred from the date when these entities were under common control;

(ii) On 9 December 2011, Bedford Development Sdn Bhd ("BDSB"), a wholly-owned subsidiary of the Company, had acquired 100% equity interest in Wonderful Space Sdn Bhd ("WSSB") for a cash consideration of RM2.00. On 8 February 2012, BDSB had transferred its entire equity interest in WSSB to the Company for a cash consideration of RM250,000 arising from an internal rationalisation exercise to streamline the corporate structure of the Group;

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR cont'd

(a) Acquisitions of subsidiaries cont'd

(iii) On 16 January 2012, the Company had acquired 100% equity interest in Tegas Jejaka Sdn Bhd ("TJSB") for a cash consideration of RM2.00. On 13 June 2012, the Company had transferred its entire equity interest in TJSB to Hong Leong Real Estate Holdings Sdn Bhd ("HLREH"), a wholly-owned subsidiary of the Company, for a cash consideration of RM2.00;

(iv) On 13 June 2012, HLREH had acquired 100% equity interest in Impressive Genesis Sdn Bhd and Intelligent Circle Sdn Bhd for a cash consideration of RM2.00 each; and

(v) On 13 June 2012, Bedford Land Sdn Bhd, a wholly-owned subsidiary of HLREH, had acquired 100% equity interest in Hikmat Gembira Sdn Bhd and Famous Moments Sdn Bhd for a cash consideration of RM2.00 each.

(b) Acquisition of freehold land

On 5 December 2011, Ace Acres Sdn Bhd ("AASB"), an indirect wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement ("SPA") with Bonds Corporation Sdn Bhd ("BCSB") for the proposed acquisition by AASB from BCSB, of 9 parcels of contiguous land located in Mukim Petaling and District of Kuala Lumpur measuring in aggregate approximately 46.724 acres, for a total purchase consideration of RM107.87 million to be satisfied by cash (the "Proposed Acquisition").

The purchaser of the Proposed Acquisition was subsequently changed from AASB to Wonderful Space Sdn Bhd, a wholly-owned subsidiary of the Company.

A land surveyor appointed pursuant to the SPA had determined the actual land area of the Proposed Acquisition to be 45.64 acres and the purchase consideration had accordingly been adjusted from RM107.87 million to RM105.36 million. The Proposed Acquisition was completed on 13 April 2012.

48. COMPARATIVES

As described in Note 2.4, the merger method of accounting was adopted by the Group in respect of the acquisitions of the entire equity interests in PJ City Development Sdn Bhd and PJ Corporate Park Sdn Bhd (collectively known as "Merged Entities"). Accordingly, the results of the Group have been restated as if the Merged Entities have been combined with the Group throughout the current and previous accounting periods. The comparatives for the financial year ended 30 June 2011 have been adjusted for the effects arising from using the merger method of accounting.

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statements of Financial Position			
As at 1.7.2010			
GROUP			
Non-current assets			
Land held for property development	63,724	13,690	77,414

48. COMPARATIVES cont'd

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statements of Financial Position cont'd			
As at 1.7.2010 cont'd			
Current assets			
Inventories	471,283	2,323	473,606
Property development costs	219,967	20,578	240,545
Trade and other receivables	43,294	66,042	109,336
Cash and cash equivalents	25,038	272	25,310
Current liabilities			
Trade and other payables	76,905	8,746	85,651
Tax payable	-	35	35
As at 30.6.2011			
GROUP			
Current assets			
Inventories	451,535	2,300	453,835
Property development costs	197,626	34,580	232,206
Trade and other receivables	42,511	4,469	46,980
Tax recoverable	2,916	1	2,917
Cash and cash equivalents	132,123	348	132,471
Current liabilities			
Trade and other payables	61,486	2,766	64,252
Tax payable	324	66	390
Income Statements			
for the financial year ended 30.6.2011			
GROUP			
Revenue	142,770	(1,290)	141,480
Selling and marketing expenses	(3,556)	(46)	(3,602)
Administrative expenses	(34,878)	(205)	(35,083)
Other net operating income	2,529	6,341	8,870
Finance income	653	1,530	2,183
Income tax expense	(275)	(1,588)	(1,863)

49. 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 2011.

The disclosure of realised and unrealised profits 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		COMPANY	
	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	**143,964**	152,707	**35,966**	44,517
- Unrealised	**1,983**	(10,910)	**-**	-
	145,947	141,797	**35,966**	44,517
Total share of retained profits from associates:				
- Realised	**4,555**	4,298	**-**	-
- Unrealised	**9,076**	9,046	**-**	-
	13,631	13,344	**-**	-
Total share of retained profits from jointly controlled entities:				
- Realised	**91,235**	85,746	**-**	-
- Unrealised	**-**	-	**-**	-
	91,235	85,746	**-**	-
Total unadjusted retained profits	**250,813**	240,887	**35,966**	44,517
Add: Consolidation adjustments	**182,995**	191,585	**-**	-
Total retained profits	**433,808**	432,472	**35,966**	44,517

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2012

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
Freehold	**Wisma Megah** Land with a 16-storey office building at No.117 Jalan Tun H.S. Lee 50000 Kuala Lumpur	92,561 sq ft*	37	37,000	30/6/2011#
Leasehold Expiry Date: 24/03/2101	**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*	15	70,000	30/6/2012#
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	18	97,151	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	16	81,401	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	-	442,118	8/8/2007
Freehold	**Damansara City** Land with integrated development in progress at Bukit Damansara Kuala Lumpur	8.5	-	334,022	9/11/1994

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2012 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	-	20,528	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 Batu 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	-	3,871	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	-	7,426	17/7/1989
Freehold	**Amandarii** Land with development in progress at Seksyen 9, Tempat Sungai Kantan, Kajang Daerah Hulu Langat Selangor Darul Ehsan	5.2	-	15,876	10/8/2006
Freehold	**The Cirrus** Land with development in progress within Taman Mutiara Barat, Off Jalan Cheras Mukim of Kuala Lumpur	13.1	-	60,109	6/10/2006

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2012 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	-	66,869	14/01/2008
Leasehold Expiry Date: 12/12/2107	**PJ City Corporate Hub** Land with development in progress at Lot 13508 Seksyen 32 Bandar Petaling Jaya Daerah Petaling	1.9	-	13,404	10/09/2004@
Leasehold Expiry Date: 12/12/2107	Vacant land at Lot 13507 Seksyen 32 Bandar Petaling Jaya Daerah Petaling	3.2	-	22,348	10/09/2004@
Freehold	Vacant lands at Lot 7585 to 7589 and Lot 7597 to 7600 Mukim Petaling District of Kuala Lumpur	45.6	-	111,451	13/04/2012

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2012 cont'd

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
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	4,762.1	-	245,847	27/3/1992
Freehold	*Continental Estates Sdn Bhd* Vacant land at Mukim of Jasin Melaka Darul Amin	4,798.3	-	293,054	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	34.2	-	25,829	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	630.5	-	234,917	31/5/2000

Notes:
* Net lettable area
# Date of revaluation
^ Date of Certificate of Fitness obtained
@ Date of land acquired by PJ City Development Sdn Bhd. The Company had completed the acquisition of PJ City Development Sdn Bhd on 23 April 2012.

2. ANALYSIS OF SHAREHOLDINGS AS AT 3 SEPTEMBER 2012

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	429	3.86	16,685	0.00
100 – 1,000	2,925	26.34	2,703,383	0.39
1,001 – 10,000	5,819	52.41	26,259,416	3.75
10,001 – 100,000	1,696	15.28	52,273,517	7.46
100,001 – less than 5% of issued shares	233	2.10	164,074,937	23.42
5% and above of issued shares	1	0.01	455,130,580	64.98
	11,103	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.	Tan Sri Quek Leng Chan	19,506,780	2.79
5.	Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for OCBC Securities Private Limited (Client A/C-NR)*	5,499,893	0.78
6.	HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for Credit Suisse*	4,399,500	0.63
7.	AllianceGroup Nominees (Tempatan) Sdn Bhd *- Ong Siew Eng @ Ong Chai*	3,648,600	0.52
8.	Cimsec Nominees (Asing) Sdn Bhd *- Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	3,361,460	0.48
9.	RHB Capital Nominees (Tempatan) Sdn Bhd *- Poh Yang Hong*	3,000,000	0.43
10.	Affin Nominees (Tempatan) Sdn Bhd *- Tan Sew Hoey (Tan Siew Hoey)*	2,186,700	0.31
11.	Amsec Nominees (Asing) Sdn Bhd *- Low Check Kian*	1,638,200	0.23

2. ANALYSIS OF SHAREHOLDINGS AS AT 3 SEPTEMBER 2012 cont'd

Thirty Largest Shareholders cont'd

Names of Shareholders	No. of Shares	%
12. Low Keng Boon @ Lau Boon Sen	1,508,740	0.22
13. HLB Nominees (Asing) Sdn Bhd *- Chia Choi Chun*	1,500,000	0.21
14. UOBM Nominees (Asing) Sdn Bhd *- Tay Yun Chwan Henry*	1,480,000	0.21
15. Chua Holdings Sdn Bhd	1,428,465	0.20
16. Citigroup Nominees (Asing) Sdn Bhd *- Dimensional Emerging Markets Value Fund*	1,321,700	0.19
17. HLB Nominees (Asing) Sdn Bhd *- Central China Holdings Limited*	1,300,000	0.19
18. ECML Nominees (Tempatan) Sdn Bhd *- Lee Kwong Joo*	1,287,200	0.18
19. Tan Liew Cheun	1,273,000	0.18
20. Onn Ping Lan	1,244,300	0.18
21. Amanahraya Trustees Berhad *- Public Far-East Property & Resorts Fund*	1,222,000	0.17
22. Mayban Securities Nominees (Asing) Sdn Bhd *- Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	1,183,710	0.17
23. Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)*	1,090,781	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. RHB Capital Nominees (Tempatan) Sdn Bhd *- Chan Weng Fui*	1,000,000	0.14
27. HLG Nominee (Asing) Sdn Bhd *- Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	966,100	0.14
28. Onn Kok Puay (Weng Guopei)	929,700	0.13
29. Hong Bee Hardware Company, Sdn Berhad	857,020	0.12
30. Lee Kay Huat	850,000	0.12
	573,072,029	**81.81**

2. ANALYSIS OF SHAREHOLDINGS AS AT 3 SEPTEMBER 2012 cont'd

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 3 September 2012 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 3 SEPTEMBER 2012

Subsequent to the financial year end, there is no change, as at 3 September 2012, 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 37 to 42 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	%
Direct Interest of Mr Poh Yang Hong in:		
Hong Leong Financial Group Berhad	3,372,200	0.32

4. MATERIAL CONTRACTS

Save for the following, 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:

- Conditional share sale agreements dated 8 November 2011 entered into between the Company and the following parties:-

  (a) GuoLine Asset Sdn Bhd ("GASB") for the acquisition of the entire equity interest in PJ City Development Sdn Bhd from GASB for a cash consideration of RM29,785,000; and

  (b) MPI Holdings Sdn Bhd ("MPIH") for the acquisition of the entire equity interest in PJ Corporate Park Sdn Bhd from MPIH for a cash consideration of RM258,000.

Hong Leong Company (Malaysia) Berhad ("HLCM") is a deemed major shareholder of the Company, GASB and MPIH.

YBhg Tan Sri Quek Leng Chan is a Director and shareholder of the Company and HLCM and a deemed major shareholder of the Company, HLCM, GASB and MPIH.

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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-eighth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 10 October 2012 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 Tan Keok Yin as a Director		
4.	To re-elect YBhg Dato' Ong Joo Theam 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 ________________ 2012.

_______________________ Number of shares held

_______________________ Signature(s) of Member

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Company Secretary
GuocoLand (Malaysia) Berhad (300-K)
Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Malaysia

1st Fold Here

NOTES:

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 28 September 2012 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. 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.
3. 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.
4. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
5. Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two or more 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 see note 9 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 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
7. 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.
8. 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 of the meeting and adjourned meeting.
9. In the event two or more proxies are appointed, please fill in the ensuing section:

Names of Proxies	% of shareholdings to be represented