GuocoLand (Malaysia) Berhad

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

ANNUAL REPORT 2008

2008

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Company Profile

GuocoLand (Malaysia) Berhad is a property group with businesses in Property Development, Property Investment and Hotel & Resort Holdings. Our projects include award winning residential and commercial developments in the Klang Valley. With a management team that has grown with the Group over the years, we are well positioned to face the challenges and seize the opportunities that will arise in the coming years.







Corporate Information

DIRECTORS

YBhg Tan Sri Quek Leng Chan
Executive Chairman

Mr Poh Yang Hong
Managing Director

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
Bukit Damansara
50490 Kuala Lumpur

Tel : 03-7495 8000
Fax : 03-2095 5332

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 Director

Tan Sri Quek Leng Chan, aged 65, 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 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, Executive Chairman of Hong Leong Industries Berhad, Hong Leong Financial Group Berhad, Hume Industries (Malaysia) Berhad, Narra Industries Berhad and Camerlin Group Berhad, Chairman of Hong Leong Bank Berhad, HLG Capital Berhad, Hong Leong Assurance Berhad, Hong Leong Islamic Bank Berhad and Hong Leong Foundation.

Tan Sri Quek has attended all the Board meetings of GLM held during the financial year ended 30 June 2008.

He has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

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

Dato' Ong Joo Theam, aged 59, 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.

He has attended all the Board meetings of GLM held during the financial year ended 30 June 2008.

Dato' Ong has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

Mr Poh Yang Hong
Managing Director / Non-Independent Director

Mr Poh Yang Hong, aged 35, a Malaysian, graduated from Monash University, Melbourne, Australia in 1994 with a Bachelor of Economics degree. He joined Hong Leong Group as the Project Executive of Hume Industries (Malaysia) Berhad and was subsequently promoted to Project Manager. He later joined HLG Securities Sdn Bhd as a commissioned dealer in 1996 and was subsequently promoted to General Manager and Executive Director, Dealing before assuming the position of Chief Operating Officer in early 2006. Mr Poh was appointed as the Head of Group Investment of HL Management Co Sdn Bhd in 2007 with responsibility for sourcing direct investments, merger and acquisition opportunities for companies under the Hong Leong Group.

Mr Poh was appointed as the Managing Director of GLM with effect from 1 June 2008. He does not sit on any Committees of GLM.

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

He did not attend any Board meetings of GLM held during the financial year ended 30 June 2008 as he was appointed to the Board on 1 June 2008.

Mr Poh has no family relationship with other directors or major shareholders of GLM, no conflict of interests with GLM and has no convictions for offences within the past 10 years.

Mr Tan Keok Yin
Non-Executive Independent Director

Mr Tan Keok Yin, aged 64, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya in 1966. He also completed an Executive Program in Management 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 started his career with Bank Negara Malaysia ("BNM") in 1966 and served in various capacities in the Economics, Investments Department and the Penang Branch of BNM. In 1977, he joined the Federation of Malaysian Manufacturers (FMM) as Deputy Director and was appointed Chief Executive Officer in 1981 till 1999. He served on various Government Boards and Committees and participated actively as speaker and panelist at 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, which is an international body that develops and promotes the GS1 standards of article numbering, bar coding and electronic communication worldwide.

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

He is also a Director of Hong Leong Bank Berhad, Malaysian Pacific Industries Berhad and Hong Leong Assurance Berhad.

He has attended all the Board Meetings of GLM held during the financial year ended 30 June 2008.

Mr Tan has no family relationship with other Directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for any offences within the past 10 years.

YBhg Dato' Chew Kong Seng
Non-Executive Independent Director

Dato' Chew Kong Seng @ Chew Kong Huat, aged 70, 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 also a Director of the following public listed companies:

- Director and Audit Committee Chairman of Petronas Dagangan Berhad, Industrial Concrete Products Berhad, AEON Co. (M) Bhd and PBA Holdings Berhad; and
- Director and Audit Committee member of Petronas Gas Berhad and Encorp Berhad.

He is also a Director of Great Wall Plastic Industries Berhad and Bank of America Malaysia Berhad, both are 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.

He has attended all the Board meetings of GLM held during the financial year ended 30 June 2008.

Dato' Chew has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

Directors' Profile
cont'd

Mr Quek Chee Hoon
Non-Executive Non-Independent Director

Mr Quek Chee Hoon, aged 55, a Singaporean, holds a Bachelor of Accountancy degree from the University of Singapore. He has 30 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.

He has attended all the Board meetings of GLM held during the financial year ended 30 June 2008.

Mr Quek has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

YBhg Tan Sri Nik Mohamed bin Nik Yaacob
Non-Executive Independent Director

Tan Sri Nik Mohamed bin Nik Yaacob, aged 59, 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. He is also a Director of Perbadanan Nasional Berhad, a public company and a Director of Scomi Group Berhad, Scomi Marine Berhad and Bolton Berhad, all are public listed companies.

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

He has attended all the Board meetings of GLM held during the financial year ended 30 June 2008.

Tan Sri Nik Mohamed has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.



OVAL KUALA LUMPUR
Artist's impression

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighty-fourth 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, 15 October 2008 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 year ended 30 June 2008.

2. To declare a final dividend of 4% less tax for the year ended 30 June 2008 to be paid on 3 November 2008 to members registered in the Record of Depositors on 21 October 2008. **(Resolution 1)**

3. To approve the payment of Directors' fees of RM271,585 for the year ended 30 June 2008, to be divided amongst the Directors in such manner as the Directors may determine. **(Resolution 2)**

4. To re-elect the following retiring Directors:

   (a) Mr Poh Yang Hong; **(Resolution 3)**
   (b) Mr Quek Chee Hoon; and **(Resolution 4)**
   (c) YBhg Tan Sri Nik Mohamed bin Nik Yaacob. **(Resolution 5)**

5. To approve the following motion:

   "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-elected a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Resolution 6)**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 7)**

7. As a special business, to consider and, if thought fit, pass the following ordinary motion:

   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 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 in any one financial year 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 8)**

8. 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:

(a) shares transferred into the depositor's securities account before 4.00 p.m. on 21 October 2008 in respect of ordinary transfers; and

(b) 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
23 September 2008

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.

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

3. **Ordinary Motion On Authority To Directors To Issue Shares**

   The Ordinary Motion, if passed, will give authority to the Directors of the Company to issue ordinary shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

- Details of directors who are standing for election as Directors

  No individual is seeking election as a Director at the 84th 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' Ong Joo Theam
Non-Independent Non-Executive Director
(Appointed on 15.10.2007)

YBhg Dato' Chew Kong Seng
Independent Non-Executive Director

Mr Kwek Leng Seng
Non-Independent Executive Director
(Resigned on 15.10.2007)

SECRETARY

The Company Secretary of the Company shall be the Secretary of the Committee.

TERMS OF REFERENCE

- To nominate and recommend for the approval of the Board of Directors ("Board"), a person or persons as external auditor(s).
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers 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 GLM and its subsidiaries (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 and external auditors are invited to attend Committee meetings. At least twice a year, the Committee will have a separate session with the external auditors without the presence of executive directors.

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 2008, four (4) Committee meetings were held and all the meetings were attended by all the Committee members. The Committee also had two (2) separate sessions with the external auditors without the presence of executives directors.

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 also reviewed and approved various related party transactions carried out by the Group.

INTERNAL AUDIT

During the financial year ended 30 June 2008, the Internal Audit Department carried out its duties covering business audit, system and financial audit.

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 ("Board") 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.

II Board Balance

The Board of Directors comprises seven (7) directors, five (5) 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 shareholders' wealth.

The Board met four (4) times during the financial year ended 30 June 2008.

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 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 as well as to independent professional advice, including the internal auditors.

IV Appointments to the Board

The Board has decided that 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.

V Re-election

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

VI Training and Education

All directors of the Company except for Mr Poh Yang Hong who was newly appointed to the Board of GLM, have completed the Mandatory Accreditation Programme.

As part of the training programme for its director, the Company prepared for the use of its directors, the Director Manual, and organised in-house programmes and regular 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 2008, 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 covering compliance and regulatory issues, for its directors and senior management.

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

B. DIRECTORS' REMUNERATION

I Level and make-up of Remuneration

The Company does not have a 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.

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

Corporate Governance & Internal Control
cont'd













II Procedure

The remuneration packages of all executives of the Group including executive directors are laid out in the Group's Human Resources Manual, which is reviewed from time to time to align with market/industry practices.

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

III Disclosure

The aggregate remuneration of directors (including those who have resigned during the year and including remuneration earned as executive directors of subsidiaries) for the financial year ended 30 June 2008 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	82,922	317,836	400,758
Non-Executive Directors	200,000	59,208	259,208

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

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	2
50,001 – 100,000	3	3
100,001 – 200,000	-	-
200,001 – 250,000	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.mystorey.com' which the shareholders can access for information which includes corporate and financial information.

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.



I Dialogue between Companies and Investors *cont'd*

Queries may be conveyed to the following person:

Name : Mr Kevin Wong Tack Wee
Tel No. : 603-2164 7878
Fax No. : 603-2164 2369
E-mail address : kevinwong@guocoland.com.my

II Annual General Meeting ("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.

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 a majority of independent and non-executive directors. The primary responsibilities of the Committee are set out in the Committee Report.

The Committee met four (4) times during the financial year ended 30 June 2008. All meetings were attended by all members of the Committee.

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 auditor.

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.

Corporate Governance & Internal Control
cont'd

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 Risk Manager to administer the risk management framework. The Risk Manager is responsible to:

- periodically evaluate all identified risks for their continuing relevance in the operating environment and inclusion in the risk management framework;
- assess 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 are 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 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 state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flow of the Group and of the Company for the financial year.

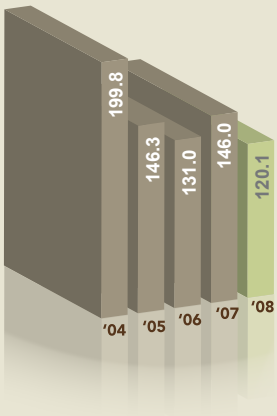
The directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2008, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting 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.

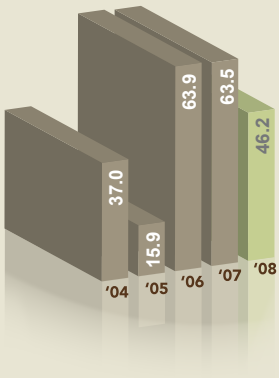
Group Financial Highlights

YEAR ENDED (RM MILLION)	JUNE 04	JUNE 05	JUNE 06	JUNE 07	JUNE 08
Revenue	199.8	146.3	131.0	146.0	120.1
Profit before taxation	37.0	15.9	63.9	63.5	46.2
Profit attributable to shareholders	33.9	12.6	50.8	49.5	41.2
Net earnings per share (sen)	4.8	1.8	7.3	7.4	6.2
Net dividend per share (sen)	0.7	0.7	1.4	1.5	1.5
Gross dividend per share (sen)	1.0	1.0	2.0	2.0	2.0
Shareholders' funds	744.9	752.0	773.0	812.6	845.0
Total assets	1,155.8	1,237.4	993.4	1,052.6	1,654.4

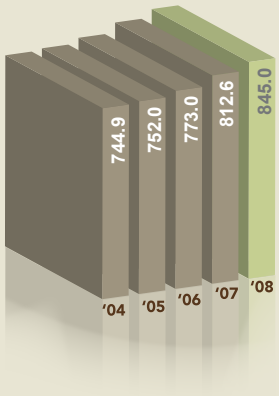
Revenue
RM' Million



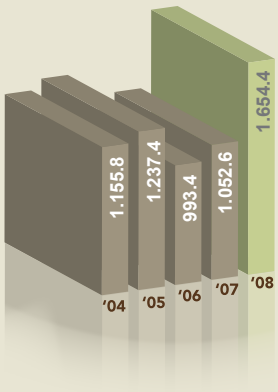
Profit before taxation
RM' Million



Shareholders' Funds
RM' Million



Total Assets
RM' Million



Chairman's Statement



EMERALD, Rawang

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF GUOCOLAND (MALAYSIA) BERHAD GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008.

OPERATING ENVIRONMENT

The operating environment remains challenging with higher prices of building materials and transportation cost. These, in turn, have significant impact on property developments and profit margins.

Another factor that has affected the industry is the manpower situation in the country where it has become increasingly difficult to source for professionals and skilled labour due to employment opportunities in the property sector in the region as well as the Middle East.

OPERATING RESULTS

For the financial year under review, the Group recorded profit before tax of RM46.2 million on the back of revenue of RM120.1 million.

The property development and hotel operations were the main contributors to the Group's revenue with a revenue contribution of RM44.8 million and RM45.4 million respectively. Revenue from the property investment division declined from RM22.1 million to RM21.3 million due to lower occupancy rate in its investment properties.

Hotel operations revenue decreased from RM54.8 million to RM45.4 million due to divestment of the Group's hotel operations in Hanoi in the previous financial year.

CORPORATE DEVELOPMENTS

During the year, the Company, through its wholly-owned subsidiary, HLP Equities Sdn Bhd, acquired a total of 13.9 million units in Tower Real Estate Investment Trust ("Tower REIT") for a total cash consideration of RM17.5 million. As at 30 June 2008, the Group holds approximately 20% of the issued capital units in Tower REIT.

In tandem with the Group's objectives of continually increasing its land bank for development and enhancing its earnings base, the Group had acquired the following properties during the financial year:

(i) The Company, through its wholly-owned subsidiary, Astute Modernization Sdn Bhd, had acquired 100% equity interest in Titan Debut Sdn Bhd for a cash consideration of RM71.0 million. Titan Debut Sdn Bhd owns the OVAL KUALA LUMPUR apartments project which comprises 140 units of service apartments located along Jalan Binjai in the vicinity of Kuala Lumpur City Centre.



(ii) The Company, through its indirect wholly-owned subsidiary, Sabna Development Sdn Bhd, had acquired a piece of freehold land measuring 3,029 square metres together with two separate residential buildings situated at Changkat Kia Peng, Kuala Lumpur for a total cash consideration of RM55.5 million.

On 1 July 2008, the Company had completed its acquisition of the entire equity interest in Raikon Building Management Co Sdn Bhd ("Raikon") for a total cash consideration of RM1.8 million. Raikon is principally engaged in property-related services and the said acquisition is expected to provide synergistic benefits to the Group.

PROSPECTS

The outlook for the property sector is expected to be more competitive with margins being affected by rising raw materials prices including fuel and steel and the more cautious attitude adopted by consumers and investors due to deteriorating market conditions brought about by spiraling cost of living. These factors will have a negative impact on margins for the Group's new projects, especially for the medium and low-end properties.

However, we are encouraged by the recent measures adopted by the government on taxes, home ownership by foreigners and the Employee Provident Fund Board's relaxation of rules on withdrawal of contributors' savings, which we hope will continue to stimulate the property market.

DIVIDEND

During the year, the Company paid a final dividend of 4% less tax at 26% amounting to approximately RM9.9 million in respect of the previous financial year.

The Board is pleased to recommend a final dividend in respect of the financial year ended 30 June 2008 of 4% less tax at 25% amounting to approximately RM10.1 million, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

DIRECTORATE

On behalf of the Board, I would like to express our appreciation to Mr Kwek Leng Seng and Mr Khoo Poh Chye, the Group Managing Director and the Executive Director of the Company respectively, for their past services and contributions rendered during their tenure of service in the Group.

On behalf of the Board, I welcome Mr Poh Yang Hong as the Managing Director with effect from 1 June 2008.

APPRECIATION

To my colleagues on the Board, I extend my sincere appreciation for their continued support of the Group. Their vast experience, depth of knowledge, critical insight and business acumen have provided management with valuable advice and guidance at our Board meetings.

I would like to extend a heartfelt appreciation to the management team and employees.

I would also like to thank our valued customers, shareholders, partners, investors and government authorities for their continued support and confidence.

TAN SRI QUEK LENG CHAN
Chairman

20 August 2008




OVAL
KUALA LUMPUR

Managing Director's Review



EMERALD, Rawang



THE CIRRUS, Cheras



THE NEST, Kajang

For the financial year under review, the Group recorded a pre-tax profit of RM46.2 million on the back of revenue of RM120.1 million. The property development and hotel operations were the main contributors to the Group's revenue.

PROPERTY DEVELOPMENT

RESIDENTIAL

Nottinghill Bungalows, Bukit Rahman Putra

This mature and well established mixed township of Bukit Rahman Putra is located in Sungai Buloh which is just 10 minutes drive from Damansara and is easily accessible from the existing New Klang Valley Expressway and Lebuhraya Damansara-Puchong.

The 49 units of Nottinghill bungalows are the last in the series of landed residential component in Bukit Rahman Putra and command breathtaking views of the 36-hole golf course. These luxurious bungalows feature well-conceptualised layouts, quality finishes, spacious courtyards, open-air bathrooms, dipping pools and floor-to-ceiling glass windows. To-date, only 3 units remain to be sold.

Emerald, Rawang

Nestled in the undulating green foothills of Rawang, this sprawling township is spread over 1,000 acres of freehold land. The lush residential paradise of Emerald enclave which presents a wide range of elegant and distinctive bungalows, semi-detached, clustered and terraced houses, is located just 30 minutes drive from Kuala Lumpur city. It is strategically located along the northern growth corridor and is easily accessible from the existing North-South Highway, the Guthrie Corridor Expressway and the Rawang-Selayang Highway. The upgrading of this trunk road into a dual carriageway is already underway.

With the timely construction of a GuocoLand funded link-bridge across the North-South Highway and a Ronald Fream-designed 9-hole but playable as 18-hole golf course, the development of Emerald Rawang will be staged to progressively realise its development potential. To-date, 84% of the 1,429 units comprising bungalows, semi-detached, clustered and terraced houses launched, had been sold while 1,143 units had been handed over to purchasers.

The Cirrus, Cheras

A signature development located on a 16-acre site in Cheras, The Cirrus comprises 3 phases; Phase 1 with 22 bungalows, Phase 2 with 72 semi-detached and 4 bungalow homes and Phase 3 with 18 bungalows on high ground with innovative designs yet functional layouts and quality finishes. This suburban site is situated less than 10 minutes from Kuala Lumpur city and set on elevated land with superb views of the Kuala Lumpur skyline. The improved road infrastructure and ease of accessibility to major existing highways together with the growing affluence of the local population, has the potential to transform this development into a well sought after neighbourhood.



Launched in May 2008 are the 22 units of bungalows priced from RM2.4 million onwards. The bungalows with built-up areas from 4,812 sq ft to 6,589 sq ft, will feature open-air courtyard designed by a foreign-based architect, complete with optional individual swimming pools.

The Nest, Kajang

Another niche and signature development, The Nest, is located on 8.76 acres of land situated in the south of Cheras and next to Saujana Impian Golf Course. This gated and guarded development will showcase 36 exclusive bungalows featuring contemporary architectural designs with lifestyle living in mind. Every bungalow comes with generous rooms, multiple living areas and the option of individual swimming pool or water feature within the landscaped garden, with the flexibility for future addition of spaces, when families grow-up and expand. Easily accessible via the KL-Seremban and Cheras-Kajang highway, it is located close to two hypermarkets, namely, Tesco and Giant, as well as other urban amenities.

Commerce One, Old Klang Road

Facing the main arterial Old Klang Road with close proximity to Kuala Lumpur and Mid Valley Megamall, Commerce One comprises one block of 5-storey shop offices and a single block of office suites, complete with facilities such as business centre, meeting rooms, gymnasium and lifestyle food and beverage outlets, at the entrance lobby, and a 7-storey car park. These integrated commercial components are separated by a central landscaped area.

Pantai Sepang Putra, Sepang

Located some 30 minutes drive from Kuala Lumpur International Airport ("KLIA") and the Sepang Formula 1 Circuit along the Southern Klang Valley Growth Corridor, this coastal development has an idyllic resort feel amidst a rural living in a modern and urban setting, with the Straits of Malacca as its shoreline. In total, 5,090 acres out of the original 7,287 acres, is set to be developed.

Under Parcel 1, 1,493 acres had been earmarked for the development of "Lake District Homes". Known as "Pantai Sepang Putra", this project was first launched in late 1998. To date, about 2,000 units comprising landed properties such as bungalows, semi-detached, terraced homes and shop offices had been sold and delivered. The development is still on going with the balance of about 800 acres to be developed.

Future development on about 4,000 acres under Parcel 2, is envisaged to be a large-scale coastal resort community development combining world-class beach front chalets and golf resort complete with marina, resort hotels and tourism facilities.

With its proximity to KLIA and within an hour's drive from Kuala Lumpur city and 3 hours' from Singapore, it is envisioned that this international resort cum residential destination is targeted at well heeled buyers from Singapore, Hong Kong, Thailand, Middle East, India and Europe as well as high net worth Malaysians.

Due to its close proximity to KLIA, plans are also being sought for airport transport related logistical facilities and business activities in the northern portion of the development.

Managing Director's Review
cont'd



OVAL KUALA LUMPUR

OVAL KUALA LUMPUR

Taking shape just opposite the 50-acre Kuala Lumpur City Centre ("KLCC") park is a unique development of twin elliptical residential towers that mirrors its equally iconic neighbour. A freehold development, OVAL KUALA LUMPUR is situated on a 2.14-acre site along Jalan Binjai in the KLCC area. It enjoys a superb view of the famed KLCC park and with its well sought after location, within the prime business and financial district, embassy row and five-star leisure and shopping amenities. In addition, the OVAL promises its residents the quiet tranquility of city living within the confines of its landscaped gardens. This 41-storey twin-tower offers only 140 luxuriously appointed homes, making OVAL a low-density development. Featuring generous space, the apartments come in two configurations: Sky Villa which has 3,750 sq ft and the bigger Mansionary Villa which has 7,600 sq ft of space. To complement the exclusive lifestyle of its residents, each tower will have its own recreational facilities.



Damansara CITY

Changkat Kia Peng, Kuala Lumpur

Under planning is a boutique residential development sited on a 0.75 acre freehold land located at the elevated enclave of Changkat Kia Peng, Kuala Lumpur. This luxury condominium development will offer 36 residences with built-up areas of between 3,500 sq ft and 4,500 sq ft and 2 duplex penthouses. Each of the residence will come complete with top-of-the-line finishes and fittings.

COMMERCIAL

Damansara CITY, Damansara Heights

Occupying 8.5 acres of freehold land right next to the well heeled commercial and residential hub of Damansara Heights, Damansara CITY is envisaged to be an integrated commercial development encompassing a boutique retail mall, office towers, lifestyle luxury condominiums, and a 5-star boutique hotel reflecting the theme 'A City to Live, Work, Rest and Play'. It will offer a total of 2.2 million sq ft of residential, commercial office and retail space, which will be seamlessly integrated and incorporate state-of-the-art environment friendly and energy efficiency architectural design. Earthworks and piling works are in progress and the launch of the luxury condominiums is scheduled for mid 2009. The whole project is expected to be completed by year 2011.



Menara ING

PROPERTY INVESTMENT

TOWER REAL ESTATE INVESTMENT TRUST ("Tower REIT")

Tower REIT currently has a gross asset value of approximately RM550 million comprising three freehold office buildings, namely, Menara HLA and Menara ING, located within the Kuala Lumpur Golden Triangle, and HP Towers in the prime Bukit Damansara area. The total net lettable area is approximately 898,000 sq ft.

An interim dividend income of 4.0 sen and a final dividend of 4.48 sen were distributed to the unitholders of Tower REIT on 28 August 2007 and 28 February 2008 respectively.

For the six-month period ended 30 June 2008, the Manager of Tower REIT is pleased to declare an interim income distribution of 5.0 sen per unit, totalling RM14,025,000 representing approximately 99% of distributable income after taxation, payable on 22 August 2008.



In managing its current assets, Tower REIT will optimise net property income through efficient building maintenance to drive occupancy and rental rates. Tower REIT will continue to focus on acquiring prime office buildings within the Golden Triangle area and work with the Group to nurture its investment properties for eventual injection into Tower REIT.

GLM REIT Management Sdn Bhd, being the Manager of Tower REIT, derives recurring management fee as well as acquisition fee and divestment fee in tandem with the underlying assets of Tower REIT.

HOTELS

Guoman Port Dickson

Located along the Straits of Malacca coast in Port Dickson is Guoman Port Dickson, a 256-room beach front resort hotel spread over 70.5 acres of land, including 500 metres of landscaped beach frontage and a scenic 9-hole golf course.

Over the course of the past year, upgrading work has continued as the Hotel strives to outpace the market and support its status as a quality establishment aiming at being one of the best resorts in Malaysia. Considerable efforts have been placed in enhancing the feel of the resort right from the entrance and throughout through stepped up landscaping efforts. The hotel will undergo a refurbishment programme in the coming year to reinforce the hotel position as an industry leader.

Hyatt Regency Johor Bahru

The 381-room Hyatt Regency Johor Bahru fronting the Straits of Johor is situated near to the Johor Royal Palace, just 10 minutes from down Johor Bahru and the Johor Causeway.

This hotel continues to be the market leader in average room rates and occupancy. Refurbishment shall be undertaken in the next financial year to reaffirm the hotel's leadership position as well as be the preferred hotel for the Iskandar Development Region.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank the directors, management and all the staff for their commitment and contributions towards the success of the Group. I would also like to take this opportunity to express our appreciation for the continued support of our valued customers, business associates, government authorities and bankers.

POH YANG HONG
Managing Director

20 August 2008

Corporate Social Responsibility

Long before corporate social responsibility as a single concept was promulgated into guidelines for companies to follow, the Group was 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, the customers, employees and 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 a 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. Compliance with laws, rules and regulations has always been at the core of the Group's business practices.
- Public communications, like reports and documents submitted to regulators contain disclosures that are full, fair, accurate, timely and understandable.
- In choosing its directors, the Group seeks individuals of high integrity, are business savvy, have shareholder orientation and a genuine interest in their respective company's businesses. They are tasked with the responsibility of exercising their business judgment 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 both technical and soft skills of employees.

For the non-executives, various in-house and external programmes were 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 culture that fuel creativity, entrepreneurship and openness.

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

Environmental Preservation

As part of our commitment to our employees and to society as a whole, we practise environmental preservation and maintain high standards of Occupational Society 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.

COMMUNITY INVESTMENT

The Group conducts most of its philanthropic activities through the Hong Leong Foundation, the charitable arm of Hong Leong Group. Since its incorporation in 1992, the Foundation's programmes have been funded by the Group companies' contributions. The Foundation focuses on education and community welfare as its key thrusts and responds to appeals for aid of victims of natural disasters such as floods, tsunamis and others. Among its focus areas, education in particular, takes top priority. Indeed, the children and youth are our future – and one day soon they will be captains of industries, government leaders and heads of families nurturing generations to come. We must do as much as we can to ensure they have our full support today.





Scholarship

The Foundation has, as part of its donation framework, designed a Scholarship Programme to benefit Malaysian students from low-income families. The Foundation believes that providing scholarships is about providing opportunities – giving deserving students the chance to have the higher education necessary to become tomorrow's leaders.

At least one million Ringgit is allocated each year for scholarship grants for the public for diploma and undergraduate studies at local universities and selected institutions of higher learning.

Apart from these, a separate fund is set aside for scholarship grants for deserving children of Group staff. Both grants for the public and Group staff's children are unconditional.



Student Assistance

Although primary and secondary education in Malaysia is free, there are still a number of students from low-income families who find it a challenge to avail of this educational opportunity. To address the immediate needs of these students, the Foundation reaches out to them through the Student Assistance Programme. To date, through this Programme, the Foundation has donated school bags, books, uniforms, bicycles and others to thousands of school children nationwide.



School Building Fund

The Foundation actively pursues opportunities where it can play a part in improving the quality of education in the country today. Donations for the construction of bigger and better facilities for learning institutions help create an environment in which students can excel.

Towards this, the Foundation has made substantial donations to the various schools all over Malaysia.

Corporate Social Responsibility
cont'd

Community Welfare

Every year, the Foundation donates to selected charities nationwide in an effort to help improve the lives of the less fortunate through its Community Welfare Programme. Through cash donations, charities are able to ensure their survival and their ability to provide shelter, food and clothing for all its residents – the young orphans, the aged who have been abandoned by their families, the sick, the disabled and the mentally challenged.

The Foundation has made substantial donations to many charities over the years. In this fiscal year alone, to name a few: AUTORR Foundation Project which is a community centre for the rest and recreation for senior citizens and their families; centres and shelters for the mentally and physically handicapped like the NASOM Intervention Centre, Persatuan Daybreak in Perak, Pusat Harian Kanak-Kanak Spastik, Pertubuhan Perkhidmatan Intervensi Awal in South Johore, Pusat Penjagaan Kanak Kanak Cacat in Petaling Jaya, Persatuan Penjagaan Kanak Kanak Terencat Akal Johor Bahru, the Sibu, Miri and Sabah Divisions of the Society for the Blind; orphanages such as the Children's Protection Society, Ti Ratana Salak South KL, Fatima Home, Pertubuhan Anak Anak Yatim in Batu Pahat; centres that provide medical aid to the needy such as Pusat Hemodialisis Mawar, Persatuan Penjagaan Kanak Kanak Terencat Akal Johor Bahru, Persatuan Kebajikan HOPE Worldwide.

Small Enterprise Programme

The people behind the Group are core entrepreneurs and we seek to propagate this same spirit of entrepreneurship to the community. By expanding our contribution to the community to include this new category, through our dealings with various charities on programmes designed to help the underprivileged set up their own businesses, we are able to teach people to stand on their own two feet, eventually breaking the cycle of poverty. Over the short term, those whom we help by giving seed money for businesses will be able to generate enough income to be able to provide for their families' needs. Over time, with proper management and guidance these businesses will grow and, in turn, be able to help others.

Towards this end, we are working with various NGOs, among which are: Yayasan Salam Malaysia, Malaysia Aids Council, Shelter, Persatuan Kanak-Kanak Istimewa Kajang, United Voice and Rose Virginie Good Shepherd Centre.

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

DAMANSARA CITY







Artist's impression

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 2008.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	43,077	11,161
Attributable to:		
Equity holders of the Company	41,243	11,161
Minority interests	1,834	-
	43,077	11,161

There have been no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 2.3 to the financial statements.

DIVIDENDS

During the financial year, the Company paid a final dividend of 2 sen per share on 670,070,818 (net of ESOS Trust shares) ordinary shares of RM0.50 each, less taxation at 26% amounting to RM9,917,048 in respect of the previous financial year.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2008, of 2 sen per share less 25% taxation on 670,070,818 (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 RM10,051,062. 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 2009.

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

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

EXECUTIVE SHARE OPTION SCHEME ("ESOS" or "Scheme") *cont'd*

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

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

The main features of the 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 maximum allowable allotments for the full time executive directors had been approved by the shareholders of the Company in a general meeting. The Board of Directors of the Company may from time to time at its discretion select and identify suitable eligible executives to be offered options.

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

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

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

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

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

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

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

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

(i) Options under the Scheme

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

Directors' Report
cont'd

EXECUTIVE SHARE OPTION SCHEME ("ESOS" or "Scheme") *cont'd*

(ii) Maximum Allowable Allotment

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

(iii) Modification / Variation to the Scheme

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

(iv) Governing Regulations

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

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

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

DIRECTORS

The 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 Poh Yang Hong	*(Managing Director; Appointed on 1 June 2008)*
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	
Mr Kwek Leng Seng	*(Group Managing Director; Resigned on 15 October 2007)*
Mr Khoo Poh Chye	*(Executive Director; Resigned on 12 October 2007)*

In accordance with Article 94 of the Company's Articles of Association, Mr Poh Yang Hong retires from the Board at the forthcoming Annual General Meeting ("AGM") and, being eligible, offers himself for re-election.

In accordance with Article 115 of the Company's Articles of Association, Mr Quek Chee Hoon and YBhg Tan Sri Nik Mohamed bin Nik Yaacob retire by rotation from the Board at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with Section 129(2) of the Companies Act, 1965, YBhg Dato' Chew Kong Seng @ Chew Kong Huat retires, having attained the age of over 70 years. The Board recommends that YBhg Dato' Chew Kong Seng @ Chew Kong Huat be re-elected in accordance with Section 129(6) of the said Act.

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year who had beneficial interests in the ordinary shares/warrants/options/convertible loan stocks/bonds of the Company and/or its related corporations during the financial year ended 30 June 2008, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

		Shareholdings in which directors have direct interests Number of ordinary shares or *shares issued or to be issued or acquired arising from the exercise of warrants/options/convertible loan stocks/bonds			
	Nominal value per share RM	At 1.7.2007/ Date of Appointment	Acquired	Sold	At 30.6.2008
Interests of YBhg Tan Sri Quek Leng Chan in:					
GuocoLand (Malaysia) Berhad	0.50	3,266,280	1,210,000	-	4,476,280
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	390,000
Guoco Group Limited	US$0.50	1,656,325	-	-	1,656,325
GuocoLand Limited	(4)	15,047,224	5,015,741	-	20,062,965
Hong Leong Financial Group Berhad	1.00	4,989,600	-	-	4,989,600
Hume Industries (Malaysia) Berhad	1.00	2,000,000	-	-	2,000,000
Narra Industries Berhad	1.00	8,150,200	-	-	8,150,200
GuocoLeisure Limited (formerly known as BIL International Limited)	US$0.20	150,000	-	-	150,000
Interest of Mr Poh Yang Hong in:					
Hong Leong Bank Berhad	1.00	50,000	-	-	50,000
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
Interest of Mr Tan Keok Yin in:					
Camerlin Group Berhad	1.00	10,000	-	10,000	-
Interests of Mr Quek Chee Hoon in:					
GuocoLand Limited	(4)	6,862,725	2,287,574(6)	-	12,849,449
			3,699,150(8)		
		16,500,000*	2,280,300*(7)	3,699,150*(8)	15,081,150*

Directors' Report
cont'd

DIRECTORS' INTERESTS *cont'd*

		Shareholdings in which directors have indirect interests Number of ordinary shares or *shares issued or to be issued or acquired arising from the exercise of warrants/options/convertible loan stocks/bonds			
	Nominal value per share RM	At 1.7.2007	Acquired	Sold	At 30.6.2008
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	-	-	7,487,100
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000	-	-	1,400,000
Guoco Group Limited	US$0.50	216,009,447	3,830,082	-	219,839,529
GuocoLand Limited	(4)	425,361,240	145,597,080	-	570,958,320
		-	726,348*	-	726,348*
First Changi Development Pte Ltd	(4)	40,002,075	4,444,675	-	44,446,750(13)
First Garden Development Pte Ltd	(4)	72,000,000	-	-	72,000,000
Melville Park Development Pte Ltd (In members' voluntary liquidation)	(4)	57,840,000	-	-	57,840,000
Sanctuary Land Pte Ltd	(4)	54,000,000	-	-	54,000,000
Beijing Minghua Property Development Co., Ltd (In members' voluntary liquidation)	(1)	150,000,000	-	-	150,000,000
Shanghai Xinhaozhong Property Development Co., Ltd	(2)	19,600,000	-	-	19,600,000
Beijing Jiang Sheng Property Development Co., Ltd	(1)	247,600,000	-	-	247,600,000
Nanjing Xinhaoning Property Development Co., Ltd	(2)	11,800,800	-	-	11,800,800
Nanjing Xinhaoxuan Property Development Co., Ltd	(2)	11,800,800	-	-	11,800,800
Nanjing Mahui Property Development Co., Ltd	(1)	271,499,800	-	-	271,499,800
Beijing Cheng Jian Dong Hua Real Estate Development Company Limited	(1)	-	50,000,000	-	50,000,000
Lam Soon (Hong Kong) Limited	HK$1.00	140,008,659	-	-	140,008,659
Kwok Wah Hong Flour Company Limited	HK$100.00	9,800	-	-	9,800
LS Golden Oils & Fats Limited	HK$1.00	200,000,000	-	-	200,000,000
M.C. Packaging Offshore Limited	HK$0.01	812,695	-	-	812,695
Lam Soon Ball Yamamura Inc	NT$10.00	15,221,823	-	15,221,823	-
Guangzhou Lam Soon Food Products Limited	(3)	6,570,000	-	-	6,570,000
Shekou Lam Soon Silo Company Limited	(2)	8,464,500	-	-	8,464,500

DIRECTORS' INTERESTS *cont'd*

	Nominal value per share RM	Shareholdings in which directors have indirect interests Number of ordinary shares or *shares issued or to be issued or acquired arising from the exercise of warrants/options/convertible loan stocks/bonds At 1.7.2007	Acquired	Sold	At 30.6.2008
Interests of YBhg Tan Sri Quek Leng Chan in: *cont'd*					
Hong Leong Financial Group Berhad	1.00	824,437,300	-	-	824,437,300
		-	2,500,000*(11)	-	2,500,000*(11)
HLG Capital Berhad	1.00	92,590,545	-	-	92,590,545
Hong Leong Bank Berhad	1.00	955,910,600	5,779,500	-	961,690,100
Hong Leong Tokio Marine Takaful Berhad	1.00	65,000,000	-	-	65,000,000
Hong Leong Industries Berhad	0.50	183,651,737	1,248,000	-	184,899,737
Hong Leong Yamaha Motor Sdn Bhd	1.00	17,352,872	-	-	17,352,872
Guocera Tile Industries (Meru) Sdn Bhd	1.00	19,600,000	-	-	19,600,000
Hong Leong Maruken Sdn Bhd (In members' voluntary liquidation)	1.00	1,750,000	-	-	1,750,000
Guocera Tile Industries (Labuan) Sdn Bhd	1.00	6,545,001	-	-	6,545,001
Varinet Sdn Bhd (In members' voluntary liquidation)	1.00	10,560,627	-	-	10,560,627
RZA Logistics Sdn Bhd	1.00	7,815,980	-	-	7,815,980
Malaysian Pacific Industries Berhad	0.50	120,643,609	7,039,700	-	127,683,309
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
Guolene Packaging Industries Berhad (In members' voluntary liquidation)	1.00	69,924,134	-	69,924,134(5)	-
Hume Industries (Malaysia) Berhad	1.00	120,144,828	64,100	-	120,208,928
Narra Industries Berhad	1.00	38,314,000	-	-	38,314,000
Camerlin Group Berhad ("CGB")	0.01(9)	279,358,017	7,516,061(10)	-	286,874,078
		7,251,391*	-	7,251,391*(12)	-
GuocoLand (Malaysia) Berhad	0.50	456,555,616	-	-	456,555,616
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	277,000,000	-	-	277,000,000
JB Parade Sdn Bhd					
- Ordinary shares	1.00	18,000,000	-	-	18,000,000
- Redeemable preference shares	0.01	68,594,000	-	-	68,594,000

Directors' Report
cont'd

DIRECTORS' INTERESTS *cont'd*

	Nominal value per share RM	Shareholdings in which directors have indirect interests Number of ordinary shares or *shares issued or to be issued or acquired arising from the exercise of warrants/options/convertible loan stocks/bonds At 1.7.2007	Acquired	Sold	At 30.6.2008
Interests of YBhg Tan Sri Quek Leng Chan in: *cont'd*					
GuocoLeisure Limited (formerly known as BIL International Limited)	US$0.20	811,297,043	32,167,000	3,754,935	839,709,108
Oil Basins Limited					
- Class A Shares	US$0.10	80,000	-	-	80,000
- Class B Shares	US$0.10	40,000	-	-	40,000
- Class D Shares	US$0.10	1,000	-	-	1,000
Bondway Properties Limited					
- Ordinary voting shares	GBP1.00	1,134,215	-	-	1,134,215
- Ordinary non-voting shares	GBP1.00	10,332	-	-	10,332
Denarau Corporation Limited					
- Ordinary A Share	FJ$1.00	1	-	-	1
- Ordinary C Shares	FJ$1.00	30,000	-	-	30,000
- Ordinary D Shares	FJ$1.00	5,000	-	-	5,000
- Ordinary E Shares	FJ$1.00	14,632	-	-	14,632
- Ordinary F Shares	FJ$1.00	5,000	-	-	5,000

Legend:

(1) Capital contribution in RMB
(2) Capital contribution in US$
(3) Capital contribution in HK$
(4) Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005
(5) Dissolved by members' voluntary liquidation
(6) Acceptance of GuocoLand Limited's Rights Issue (1:3)
(7) Adjustments made to the outstanding Options arising from GuocoLand Limited's Rights Issue
(8) Exercise of Share Options
(9) Reduction in par value from RM1.00 to RM0.01 per share with effect from 22 May 2008
(10) Inclusive of shares arising from the conversion of convertible loan stocks ("Conversion"), additional shares from cash top up pursuant to the Conversion and exercise of warrants to subscribe for shares
(11) Held through children who are not directors of the Company
(12) The convertible loan stocks and warrants of CGB expired on 16 July 2007 and 25 July 2007 respectively
(13) Became a wholly-owned subsidiary of GuocoLand Limited on 23 November 2007

Save as disclosed above, the other directors in office at the end of the financial year do not have any beneficial interest in the ordinary shares and/or warrants/options/convertible loan stocks/bonds of the Company or its related corporations during the financial year ended 30 June 2008.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or as fixed salary of a full-time employee of the Company or of related corporations as shown in Note 26 to the financial statements) by reason of a contract made by the Company or its related corporations with the director or with a firm of which the director is a member, or with a corporation in which the director has a substantial financial interest, except for YBhg Tan Sri Quek Leng Chan who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or the provision of construction contracts, leases, tenancy, dealership and distributorship agreements; and/or the provision of treasury functions, advances in the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Company or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests; and YBhg Dato' Ong Joo Theam who may be deemed to derive a benefit by virtue of the provision of legal services to the Company and its related corporations; and as disclosed in Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENT AFTER THE BALANCE SHEET DATE

Details of subsequent event are disclosed in Note 39 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the balance sheets and income statements 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision 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 have 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

  (ii) the values attributed to 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.

Directors' Report
cont'd

OTHER STATUTORY INFORMATION *cont'd*

(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) 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 in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

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

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

AUDITORS

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

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

POH YANG HONG **TAN KEOK YIN**

Kuala Lumpur
20 August 2008

Balance Sheets
as at 30 June 2008

	Note	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	**304,094**	257,547	**280**	125
Investment properties	4	**107,000**	107,000	**-**	-
Land held for development	5	**59,905**	762	**-**	-
Investments in subsidiaries	6	**-**	-	**512,241**	510,241
Investments in associates	7	**84,692**	724	**-**	-
Investments in jointly controlled entities	8	**321,891**	306,420	**56,000**	56,000
Investments	9	**6,021**	57,147	**-**	-
Goodwill on consolidation	10	**17,732**	2,464	**-**	-
Deferred tax assets	11	**1,166**	1,243	**-**	-
Leasehold land use right	12	**4,459**	4,516	**-**	-
		906,960	737,823	**568,521**	566,366
CURRENT ASSETS					
Inventories	13	**8,568**	6,384	**-**	-
Due from contract customers	14	**1,405**	1,883	**-**	-
Development properties	15	**240,700**	197,426	**-**	-
Trade and other receivables	16	**429,305**	54,860	**229,522**	50,505
Tax recoverable		**2,010**	4,993	**1,753**	2,369
Marketable securities	9	**-**	7,201	**-**	-
Deposits, cash and bank balances	17	**65,427**	41,985	**539**	23,885
		747,415	314,732	**231,814**	76,759
TOTAL ASSETS		**1,654,375**	1,052,555	**800,335**	643,125

Balance Sheets
as at 30 June 2008
cont'd

	Note	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	18	**350,229**	350,229	**350,229**	350,229
Reserves	19	**518,449**	486,070	**160,897**	159,653
Equity funds		**868,678**	836,299	**511,126**	509,882
Shares held by ESOS Trust	20	**(23,658)**	(23,658)	**(23,658)**	(23,658)
		845,020	812,641	**487,468**	486,224
Minority interests		**77,468**	75,184	**-**	-
Total equity		**922,488**	887,825	**487,468**	486,224
Non-current liabilities					
Due to subsidiaries	21	**-**	-	**128,356**	110,769
Borrowings	22	**480,402**	98,000	**10,000**	10,000
Deferred tax liabilities	11	**18,300**	566	**-**	-
		498,702	98,566	**138,356**	120,769
Current liabilities					
Due to contract customers	14	**612**	810	**-**	-
Trade and other payables	23	**88,992**	61,052	**45,011**	36,132
Short term borrowings	24	**142,904**	3,670	**129,500**	-
Provision for taxation		**677**	632	**-**	-
		233,185	66,164	**174,511**	36,132
Total liabilities		**731,887**	164,730	**312,867**	156,901
TOTAL EQUITY AND LIABILITIES		**1,654,375**	1,052,555	**800,335**	643,125

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

Income Statements
for the financial year ended 30 June 2008

	Note	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Revenue	25	**120,127**	145,984	**16,725**	16,713
Profit from operations	26	**9,986**	60,489	**12,741**	13,281
Interest income	27	**1,230**	964	**6,957**	1,441
Finance costs	28	**(4,859)**	(4,372)	**(7,792)**	(2,801)
Share of profit/(loss) in					
- Associates	7	**24,394**	(17)	**-**	-
- Jointly controlled entities	8	**15,465**	6,402	**-**	-
Profit before taxation		**46,216**	63,466	**11,906**	11,921
Taxation:					
- Company and subsidiaries	29	**(3,139)**	(1,568)	**(745)**	(3,502)
Profit for the year		**43,077**	61,898	**11,161**	8,419
Attributable to:					
Equity holders of the Company		**41,243**	49,489	**11,161**	8,419
Minority interests		**1,834**	12,409	**-**	-
Profit for the year		**43,077**	61,898	**11,161**	8,419
Earnings per share (sen)	30	**6.2**	7.4		
Net dividends per share (sen)	31	**1.48**	1.46		

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

Statements of Changes in Equity
for the financial year ended 30 June 2008

		← Attributable to Equity Holders of the Company →						Minority	Total
		← Non-Distributable →				Distributable			
	Note	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Shares held by ESOS Trust RM'000	Retained profits RM'000	Total RM'000	Interests RM'000	Equity RM'000
Group									
At 1 July 2006		350,229	35,089	5,945	(23,000)	405,996	774,259	63,057	837,316
Net gain not recognised in the income statement - translation of foreign subsidiaries		-	-	2,414	-	-	2,414	1,039	3,453
Realised exchange recognised directly in equity - disposals of subsidiaries		-	-	(3,074)	-	-	(3,074)	(1,321)	(4,395)
Profit for the year		-	-	-	-	49,489	49,489	12,409	61,898
Purchase during the year by ESOS Trust		-	-	-	(658)	-	(658)	-	(658)
Dividend paid	31	-	-	-	-	(9,789)	(9,789)	-	(9,789)
At 30 June 2007		**350,229**	**35,089**	**5,285**	**(23,658)**	**445,696**	**812,641**	**75,184**	**887,825**
Net gain not recognised in the income statement - translation of foreign subsidiaries		**-**	**-**	**1,053**	**-**	**-**	**1,053**	**450**	**1,503**
Profit for the year		**-**	**-**	**-**	**-**	**41,243**	**41,243**	**1,834**	**43,077**
Dividend paid	31	**-**	**-**	**-**	**-**	**(9,917)**	**(9,917)**	**-**	**(9,917)**
At 30 June 2008		**350,229**	**35,089**	**6,338**	**(23,658)**	**477,022**	**845,020**	**77,468**	**922,488**

Statements of Changes in Equity
for the financial year ended 30 June 2008
cont'd

	Note	← Non-Distributable → Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Shares held by ESOS Trust RM'000	Distributable Retained profits RM'000	Total RM'000
Company							
At 1 July 2006		350,229	35,089	68,219	(23,000)	57,715	488,252
Profit for the year		-	-	-	-	8,419	8,419
Purchase during the year by ESOS Trust		-	-	-	(658)	-	(658)
Dividend paid	31	-	-	-	-	(9,789)	(9,789)
At 30 June 2007		**350,229**	**35,089**	**68,219**	**(23,658)**	**56,345**	**486,224**
Profit for the year		**-**	**-**	**-**	**-**	**11,161**	**11,161**
Dividend paid	31	**-**	**-**	**-**	**-**	**(9,917)**	**(9,917)**
At 30 June 2008		**350,229**	**35,089**	**68,219**	**(23,658)**	**57,589**	**487,468**

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

Cash Flow Statements
for the financial year ended 30 June 2008

	Note	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation and minority interests		**46,216**	63,466	**11,906**	11,921
Adjustments for:					
Amortisation of prepaid lease		**57**	57	**-**	-
Depreciation of property, plant and equipment		**2,922**	3,694	**98**	51
Gain on disposal of property, plant and equipment		**(206)**	(39)	**-**	-
Gain on disposal of investment in jointly controlled entity		**-**	(1,439)	**-**	-
Gain on disposals of investments in subsidiaries	6	**-**	(35,607)	**-**	-
Loss on disposal of marketable securities		**748**	-	**-**	-
Interest expense		**4,859**	4,372	**7,792**	2,801
Provision for impairment loss in goodwill		**2,464**	-	**-**	-
Provision for doubtful debts, net		**-**	141	**-**	-
Reversal of doubtful debts, net		**(65)**	-	**-**	-
Provision for impairment loss in investments		**3,493**	-	**-**	216
Provision for impairment loss in investment in associate		**-**	6	**-**	-
Write back of provision for impairment loss in investments		**-**	(10,463)	**-**	-
Property, plant and equipment written off		**447**	-	**-**	-
Share of (profit)/loss in associates		**(24,394)**	17	**-**	-
Share of profit in jointly controlled entities		**(15,465)**	(6,402)	**-**	-
Dividend income		**-**	-	**(15,966)**	(15,980)
Interest income		**(1,230)**	(964)	**(6,957)**	(1,441)
Operating profit/(loss) before working capital changes		**19,846**	16,839	**(3,127)**	(2,432)
Working capital changes:					
Inventories		**(2,184)**	5,214	**-**	-
Receivables		**(160,848)**	378	**(79)**	445
Development properties		**(43,274)**	(80,257)	**-**	-
Payables		**(16,029)**	6,299	**119**	(893)
Jointly controlled entities balances		**(4,195)**	(163)	**-**	-
Inter-company balances		**-**	-	**(136,625)**	57,933
Associate balances		**-**	9	**-**	-
Related company balances		**10,249**	(7,452)	**-**	-
Investment properties		**-**	(427)	**-**	-

Cash Flow Statements
for the financial year ended 30 June 2008
cont'd

	Note	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES *cont'd*					
Cash (used in)/generated from operations		**(196,435)**	(59,560)	**(139,712)**	55,053
Interest paid		**(4,859)**	(4,372)	**(7,792)**	(2,801)
Tax (paid)/refunded		**(32)**	731	**(129)**	860
Net cash (used in)/generated from operating activities		**(201,326)**	(63,201)	**(147,633)**	53,112
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of:					
- property, plant and equipment	(a)	**(50,203)**	(13,573)	**(253)**	(5)
- investments		**(18,577)**	(5,870)	**-**	-
Acquisitions of additional interest in jointly controlled entities	8	**(6)**	(30)	**-**	-
Acquisitions of preference shares in jointly controlled entities		**-**	(14,291)	**-**	-
Acquisitions of subsidiaries, net of cash acquired	6	**(64,925)**	(22,462)	**(2,000)**	-
Acquisition of land held for property development		**(59,143)**	-	**-**	-
Proceeds from disposals of :					
- property, plant and equipment		**493**	50	**-**	-
- investments in subsidiaries	6	**-**	47,945	**-**	-
- investment in jointly controlled entity		**-**	73,920	**-**	-
- investments		**6,636**	-	**-**	-
- marketable securities		**6,453**	-	**-**	-
Interest received		**1,230**	964	**6,957**	1,441
Proceeds from redemption of investments in preference shares in jointly controlled entities		**-**	12,391	**-**	-
Net cash (used in)/generated from investing activities		**(178,042)**	79,044	**4,704**	1,436
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of shares held by ESOS Trust		**-**	(658)	**-**	(658)
Bank borrowings drawdown		**529,068**	97,000	**129,500**	47,000
Repayment of bank borrowings		**(115,171)**	(94,687)	**-**	(93,187)
Dividend paid		**(9,917)**	(9,789)	**(9,917)**	(9,789)
Net cash generated from/(used in) financing activities		**403,980**	(8,134)	**119,583**	(56,634)

Cash Flow Statements
for the financial year ended 30 June 2008
cont'd

	Note	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**24,612**	7,709	**(23,346)**	(2,086)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**40,815**	33,106	**23,885**	25,971
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	(b)	**65,427**	40,815	**539**	23,885

(a) Additions of property, plant and equipment during the year were fully paid for by cash.

(b) Cash and cash equivalents comprise the following balance sheet amounts:

	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Deposits with licensed banks (Note 17)	**13,685**	28,331	**-**	23,000
Cash and bank balances (Note 17)	**51,742**	13,654	**539**	885
	65,427	41,985	**539**	23,885
Bank overdrafts (Note 24)	**-**	(1,170)	**-**	-
	65,427	40,815	**539**	23,885

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

1. CORPORATE INFORMATION

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

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

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are property development, property investment, hotel operations, investment holding, trading in securities and provision of management services. 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 20 August 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2007 and 1 July 2007 as described fully in Note 2.3.

The financial statements of the Group and of the Company have been prepared under the historical costs basis, except for the revaluation of investment properties.

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 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Notes to the Financial Statements
30 June 2008
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(a) Subsidiaries and Basis of Consolidation *cont'd*

(ii) Basis of consolidation *cont'd*

Subsidiary companies are consolidated using the acquisition method of accounting except for certain subsidiary companies, as disclosed in Note 34, which were consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, the generally accepted accounting principles prevailing at that time. These subsidiary companies continue to be consolidated using the merger method of accounting. In the Company's separate financial statements, the cost of investment in subsidiary companies continues to be stated at the nominal value of the shares issued as consideration as the fair value of the shares at their respective dates of acquisition could not be determined with reasonable certainty.

(i) Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the effective date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition costs and these values is reflected as goodwill or negative goodwill as appropriate. Goodwill on consolidation is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(i). Negative goodwill is recognised immediately in profit or loss.

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

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

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(b) Associates *cont'd*

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The 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.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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.

(c) Jointly Controlled Entities

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the jointly controlled entities.

The Group's share of results of jointly controlled entities are included in the consolidated financial statements from the date of formation of the jointly controlled entities and up to the date of completion of the projects under the equity method.

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

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.

(d) Goodwill

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

Notes to the Financial Statements
30 June 2008
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(e) Property, Plant and Equipment and Depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under development are also not depreciated as these assets are not available for use. 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 other than hotel buildings	2%
Building service plant, equipment and furniture and fittings	5% - 20%
Motor vehicles	10% - 20%

Hotel building on leasehold land is amortised over the remaining lease tenure of 93 years.

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

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

(f) Investment Properties

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 and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

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 are recognised in profit or loss in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(g) Land Held for Property Development and Property Development Costs

(i) Land held for property development

Land held for property development consist 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.

(ii) Property development costs

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

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

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

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

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

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

(h) 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 reference to the stage of completion of the contract activity. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs.

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

Notes to the Financial Statements
30 June 2008
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(i) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets, other than construction contract assets, property development costs, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and 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.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(j) Inventories

(i) Property Inventories

Property inventories consist of residential and commercial properties. They are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

(ii) Others

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(k) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, demand deposits and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(v) Properties Progress Payments

Properties progress payments consist of progress payments, including borrowing costs, made for properties acquired by the Group which are under development by external property developers. These properties will be re-classified as property inventories upon transfer of risks and rewards.

(vi) Payables

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

(vii) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements
30 June 2008
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(k) Financial Instruments *cont'd*

(viii) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Income Tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(n) Provisions for Liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(o) Employees Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Contributions to define contribution plans are recognised as an expense in the income statement as incurred.

(iii) Equity compensation benefits

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

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

The shares repurchased are measured and carried at the cost of repurchased 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.

(p) Foreign Currencies

(i) 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.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Notes to the Financial Statements
30 June 2008
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(p) Foreign Currencies *cont'd*

***(ii) Foreign Currency Transactions** cont'd*

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.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 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 balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal exchange rates used for every unit of foreign currencies ruling at the balance sheet date are as follows:

Foreign currency	2008 RM	2007 RM
United States Dollar	3.26	3.45
Philippine Peso	0.07	0.07

(q) 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.

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(h).

(ii) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.2(g).

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(q) Revenue Recognition *cont'd*

(iii) Property inventories

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

(iv) Dividend income

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

(v) Rental income

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

(vi) 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.

(vii) 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.

(r) Lease

(i) Classification

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

(ii) Finance leases - The Group as lessee

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating leases - The Group as lessee

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

Notes to the Financial Statements
30 June 2008
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(r) Lease *cont'd*

(iii) Operating leases - The Group as lessee *cont'd*

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, wherever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payments relating to the land element represents leasehold land use rights and are amortised on a straight line basis over the lease term.

Long term leasehold land is amortised over the remaining lease tenure of 93 years.

(iv) Operating leases - The Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs and Issues Committee ("IC") Interpretation

On 1 July 2007, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2007 and 1 July 2007:

FRS 107	: Cash Flow Statements
FRS 111	: Construction Contracts
FRS 112	: Income Taxes
FRS 117	: Leases
FRS 118	: Revenue
FRS 124	: Related Party Transactions
FRS 134	: Interim Financial Reporting
FRS 137	: Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	: The effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations
IC Interpretation 8	: Scope of FRS 2

The Malaysian Accounting Standards Board ("MASB") has also issued the following FRSs, amendments to FRSs and Interpretations which are effective for annual periods beginning on or after 1 July 2007 but are not applicable to the Group or the Company:

FRS 6	: Exploration for and Evaluation of Mineral Resources
FRS 120	: Accounting for Government Grants and Disclosure of Government Assistance
IC Interpretation 1	: Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	: Members' Shares in Co-Operative Entities and Similar Instruments
IC Interpretation 5	: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	: Applying the Restatement Approach Under FRS 129 - Financial Reporting in Hyperinflationary Economies

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs and Issues Committee ("IC") Interpretation *cont'd*

The adoption of FRS 107, FRS 111, FRS 112, FRS 118, FRS 134 and FRS 137 did not result in significant changes in accounting policies of the Group and of the Company.

The adoption of the revised FRS 124 give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company.

The principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 117 are discussed below:

Leasehold Land Held for Own Use

Prior to 1 July 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings.

Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment relating to the land element represents leasehold land use right and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of leasehold land use right as allowed by the transitional provisions.

The effect of adopting FRS 117 on the balance sheet of the Group as at 30 June 2008 is as follows:

	(Decrease) / Increase RM'000
Property, plant and equipment	(4,459)
Leasehold land use right	4,459

The reclassification of leasehold land as leasehold land use right has been accounted for retrospectively and as such, certain comparatives have been restated as follows:

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Property, plant and equipment	262,063	(4,516)	257,547
Leasehold land use right	-	4,516	4,516

Notes to the Financial Statements
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cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

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

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 so significant that a property does not qualify as investment property.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 discussed below.

(i) Depreciation of hotel building

The cost of buildings are depreciated on a straight-line basis over 50 to 93 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, therefore future depreciation charges could be revised.

(ii) Property development

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

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

(iii) Income taxes

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Significant Accounting Estimates and Judgements *cont'd*

(b) Key Sources of Estimation Uncertainty *cont'd*

(iii) Income taxes *cont'd*

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

(iv) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 June 2008 is RM17,732,000 (2007: RM2,464,000). Further details are disclosed in Note 10.

2.5 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS was issued but not yet effective and has not been applied by the Group and the Company:

FRS	Effective for financial periods beginning on or after
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010

The Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land RM'000	Freehold land and buildings RM'000	Hotel building on leasehold land RM'000	Freehold land and building under development RM'000	Building service plant and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Group									
Cost									
At 1 July 2007		2,272	77,330	86,602	109,588	25,101	15,551	2,507	318,951
Additions		-	1,181	-	44,738	1,665	1,717	902	50,203
Disposals		-	-	-	-	(415)	(5)	(1,112)	(1,532)
Written off		-	-	(336)	-	(3,529)	(75)	-	(3,940)
Reclassification		-	-	-	-	(922)	922	-	-
At 30 June 2008		**2,272**	**78,511**	**86,266**	**154,326**	**21,900**	**18,110**	**2,297**	**363,682**
Accumulated Depreciation and Impairment Losses									
At 1 July 2007		-	13,667	12,785	-	21,942	11,425	1,585	61,404
Charge for the year		-	-	908	-	823	795	396	2,922
Disposals		-	-	-	-	(386)	-	(859)	(1,245)
Written off		-	-	-	-	(3,431)	(62)	-	(3,493)
Reclassification		-	-	-	-	(463)	463	-	-
At 30 June 2008		**-**	**13,667**	**13,693**	**-**	**18,485**	**12,621**	**1,122**	**59,588**
Net Carrying Amount									
At 30 June 2008		**2,272**	**64,844**	**72,573**	**154,326**	**3,415**	**5,489**	**1,175**	**304,094**

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Note	Freehold land RM'000	Freehold land and buildings RM'000	Hotel building on leasehold land RM'000	Leasehold buildings RM'000	Freehold land and building under development RM'000	Building service plant and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Group										
Cost										
At 1 July 2006										
- as previously restated		2,272	75,787	90,575	43,330	94,332	40,930	17,108	2,417	366,751
- effects of adopting FRS 117		-	-	(5,250)	-	-	(2,914)	(9)	-	(8,173)
- as restated		2,272	75,787	85,325	43,330	94,332	38,016	17,099	2,417	358,578
Additions		-	1,543	-	-	9,227	1,244	1,189	370	13,573
Transfer from development properties	15	-	-	-	-	6,029	-	-	-	6,029
Disposals		-	-	-	-	-	(14)	-	(11)	(25)
Disposals of subsidiaries	6	-	-	-	(40,330)	-	(11,886)	(2,554)	(250)	(55,020)
Reclassification		-	-	1,277	-	-	(1,277)	-	-	-
Exchange adjustments		-	-	-	(3,000)	-	(982)	(183)	(19)	(4,184)
At 30 June 2007		2,272	77,330	86,602	-	109,588	25,101	15,551	2,507	318,951
Accumulated Depreciation and Impairment Losses										
At 1 July 2006										
- as previously restated		-	13,667	12,785	25,298	-	34,085	13,266	1,461	100,562
- effects of adopting FRS 117		-	-	(677)	-	-	(2,494)	(90)	-	(3,261)
- as restated		-	13,667	12,108	25,298	-	31,591	13,176	1,461	97,301
Charge for the year		-	-	677	751	-	996	877	393	3,694
Disposals		-	-	-	-	-	(8)	-	(6)	(14)
Disposals of subsidiaries	6	-	-	-	(25,194)	-	(10,134)	(2,475)	(246)	(38,049)
Exchange adjustments		-	-	-	(855)	-	(503)	(153)	(17)	(1,528)
At 30 June 2007		-	13,667	12,785	-	-	21,942	11,425	1,585	61,404
Net Carrying Amount										
At 30 June 2007		2,272	63,663	73,817	-	109,588	3,159	4,126	922	257,547

Notes to the Financial Statements
30 June 2008
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3. 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 2008				
Cost				
At 1 July 2007	198	243	166	607
Additions	240	10	3	253
At 30 June 2008	**438**	**253**	**169**	**860**
Accumulated Depreciation				
At 1 July 2007	100	216	166	482
Charge for the year	88	10	-	98
At 30 June 2008	**188**	**226**	**166**	**580**
Net Carrying Amount				
At 30 June 2008	**250**	**27**	**3**	**280**
At 30 June 2007				
Cost				
At 1 July 2006	198	238	166	602
Additions	-	5	-	5
At 30 June 2007	198	243	166	607
Accumulated Depreciation				
At 1 July 2006	60	205	166	431
Charge for the year	40	11	-	51
At 30 June 2007	100	216	166	482
Net Carrying Amount				
At 30 June 2007	98	27	-	125

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Borrowing cost capitalised in the property, plant and equipment during the financial year amounted to RM449,000 (2007: RM612,000).

The net carrying amount of property, plant and equipment pledged for borrowings as referred to in Notes 22 and 24 are as follows:

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Freehold land under development	**154,326**	109,588
Hotel building on leasehold land	**72,573**	73,817
Building service plant and equipment	**115**	653
Furniture and fittings	**3,039**	2,133
Motor vehicles	**54**	88
	230,107	186,279

4. INVESTMENT PROPERTIES

GROUP	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
At 30 June 2008			
At fair value			
At 1 July 2007/30 June 2008	**37,000**	**70,000**	**107,000**
At 30 June 2007			
At fair value			
At 1 July 2006/30 June 2007	37,000	70,000	107,000

Freehold land and buildings are charged to financial institutions as collaterals for credit facilities granted to the Group and to the Company as disclosed in Note 22.

Investment properties are stated at fair value, which has been determined based on valuation report by Raine & Horne, an accredited independent valuer, as at 30 June 2008. 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.

Notes to the Financial Statements
30 June 2008
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5. LAND HELD FOR DEVELOPMENT

	Freehold land RM'000	Development expenditure RM'000	Total RM'000
GROUP			
At 30 June 2008			
Cost			
At 1 July 2007	**1,275**	**28**	**1,303**
Additions	**57,739**	**1,404**	**59,143**
At 30 June 2008	**59,014**	**1,432**	**60,446**
Accumulated impairment losses			
At 1 July 2007/30 June 2008	**(541)**	**-**	**(541)**
Carrying amount at 30 June 2008	**58,473**	**1,432**	**59,905**
At 30 June 2007			
Cost			
At 1 July 2006/30 June 2007	1,275	28	1,303
Accumulated impairment losses			
At 1 July 2006/30 June 2007	(541)	-	(541)
Carrying amount at 30 June 2008	**734**	**28**	**762**

The net carrying amount of land held for development pledged for borrowings as referred to in Notes 22 and 24 are as follows:

	GROUP	
	2008 RM'000	2007 RM'000
Freehold land	**59,143**	-

Details of significant additions to land held for development are provided in Note 38(c).

6. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	**514,157**	512,157
Less: Accumulated impairment losses	**(1,916)**	(1,916)
	512,241	510,241

6. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are disclosed in Note 34.

(a) Acquisitions of subsidiaries

On 8 August 2007, the Company subscribed for 2 ordinary shares of RM1 each representing the entire equity interest in Astute Modernization Sdn Bhd ("Astute") for a total cash consideration of RM2.

On 10 October 2007, the Company further subscribed for 1,999,998 ordinary shares of RM1 each in Astute for a total cash consideration of RM1,999,998.

On 26 October 2007, Astute acquired 100,000 ordinary shares of RM1 each representing the entire equity interest in Titan Debut Sdn Bhd ("Titan") for a total cash consideration of RM71 million.

Further details in relation to the acquisitions are disclosed in Note 38.

The cost of acquisition of Titan comprised the following:

	2008 RM'000
Purchase consideration satisfied by cash	**71,000**
The acquired subsidiary has contributed the following results to the Group:	
Revenue	**-**
Loss for the year	**(2,246)**

If the acquisition of Titan had occurred on 1 July 2007, the Group's profit for the year would have been RM41,214,000. There is no effect on the Group's revenue as the subsidiary did not record any external revenue.

The assets and liabilities of Titan arising from the acquisition are as follows:

	Fair value recognised on acquisition RM'000	Acquirees' carrying amount RM'000
Properties progress payments	217,392	146,462
Cash and bank balances	6,075	6,075
	223,467	152,537
Trade and other payables	(43,558)	(43,558)
Borrowings	(108,909)	(108,909)
Deferred tax liabilities (Note 11)	(17,732)	-
	(170,199)	(152,467)
Fair value of net assets acquired	53,268	
Goodwill on acquisition (Note 10)	17,732	
Total cost of acquisition	71,000	

Notes to the Financial Statements
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6. INVESTMENTS IN SUBSIDIARIES *cont'd*

(a) Acquisitions of subsidiaries *cont'd*

Cash outflow arising on acquisition:

	2008 RM'000
Purchase consideration satisfied by cash	**71,000**
Cash and cash equivalents of subsidiary acquired	**(6,075)**
Net cash outflow of the Group	**64,925**

In the previous financial year, the Group had, via its wholly-owned subsidiary, Bedford Development Sdn Bhd, acquired 50,000,000 fully paid-up ordinary shares of RM1 each representing the entire equity interest in Sabna Development Sdn Bhd ("Sabna") for a total cash consideration of RM82,990,000.

The fair values of the assets acquired and liabilities assumed from the acquisition of Sabna were as follows:

	2007 RM'000
Deferred tax asset (Note 11)	409
Inventories	2,786
Development properties (Note 15)	22,377
Trade and other receivables	8,442
Tax recoverable	323
Cash and bank balances	60,528
Trade and other payables	(11,875)
Group's share of net assets	82,990
Consideration for acquisition was satisfied by:	
- cash	9,070
- proceeds receivable from disposal of Putrajaya Properties Sdn Bhd	73,920
	82,990
Cash outflow arising on acquisition:	
Purchase consideration	82,990
Cash and cash equivalents of subsidiary acquired	(60,528)
Net cash outflow of the Group	22,462

(b) Disposals of subsidiaries

In the previous financial year, the Group had disposed Guoman (Hanoi) Limited and its subsidiary, HLL-Guoco Vietnam Co. Limited which were incorporated in Jersey, Channel Islands and Vietnam respectively, at a cash consideration of US$14,143,036 (approximately RM48,086,322 based on US$1:RM3.40) via its indirect 70% subsidiary company, Guoman Hotels Limited which was incorporated in Bermuda.

6. INVESTMENTS IN SUBSIDIARIES *cont'd*

(b) Disposals of subsidiaries *cont'd*

Details of the disposals were as follows:

	2007 RM'000
Property, plant and equipment (Note 3)	16,971
Inventories	252
Trade and other receivables	2,480
Cash and bank balances	141
Due to related company	(383)
Trade and other payables	(2,587)
Group's share of net assets	16,874
Realised exchange reserve	(4,395)
	12,479
Less: Proceeds from disposals	48,086
Gain on disposals of subsidiaries	35,607

	2007 US$'000	2007 RM'000
Cash inflow arising on disposals:		
Proceeds from disposals	14,143	48,086
Cash and cash equivalents of subsidiaries disposed		(141)
Net cash inflow of the Group		47,945

7. INVESTMENTS IN ASSOCIATES

	GROUP	
	2008 RM'000	2007 RM'000
Quoted shares in Malaysia, at cost	**59,574**	-
Foreign unquoted shares, at cost	**6**	6
Less: Accumulated impairment losses	**(6)**	(6)
	59,574	-
Share of post acquisition reserves	**25,413**	1,019
Share of post acquisition translation reserve	**(295)**	(295)
	84,692	724
Represented by:		
Share of net assets of associates	**84,692**	724
Market value of quoted shares	**66,102**	-

Notes to the Financial Statements
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7. INVESTMENTS IN ASSOCIATES *cont'd*

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interest 2008 %	Effective equity interest 2007 %	Principal activity
Luck Hock Venture Holdings, Inc.	Philippines	28	28	Dormant
Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	20	15	Investment in real estate and real estate-related assets

The Company through its wholly-owned subsidiary, HLP Equities Sdn Bhd, had between 14 November 2007 and 16 May 2008, acquired through the open market, a total of 13,943,800 units in Tower REIT for an aggregate cash consideration of approximately RM17.54 million. The acquisition had increased the Company's interest in Tower REIT to approximately 20%. With its voting rights of 20%, the directors are of the view that the Company can influence the appointment of the Trustee of Tower REIT, who acts as the custodian of the assets of Tower REIT, is responsible for safeguarding the rights and interest of all unitholders and is also solely responsible for making investment decisions of Tower REIT. Accordingly, the investment in Tower REIT was reclassified from investments to investmests in associates.

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

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

(i) Growth rates

Future dividend income is estimated to grow at 5% per annum over the next 5 years and thereafter, grow at a steady rate of 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 on prudence ground.

(ii) Discount rate

Discount rate used is 9%. 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 summarised financial information of the associates is as follows:

	GROUP 2008 RM'000	GROUP 2007 RM'000
Assets and liabilities		
Non-current assets	**109,922**	-
Current assets	**1,595**	790
Total assets	**111,517**	790
Non-current liabilities	**(21,042)**	(52)
Current liabilities	**(5,783)**	(14)
Total liabilities	**(26,825)**	(66)
Results		
Revenue	**730**	-
Profit/(loss) for the year	**24,394**	(17)

7. INVESTMENTS IN ASSOCIATES *cont'd*

The details of negative goodwill included within the Group's carrying amount of investments in associates are as follows:

	GROUP RM'000
Cost	
At 1 July 2007	-
Arising from investment in Tower REIT	23,803
Recognised in the income statement	(23,803)
At 30 June 2008	-

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Investments, at cost	**259,873**	259,867	**56,000**	56,000
Share of post acquisition reserves	**62,018**	46,553	**-**	-
	321,891	306,420	**56,000**	56,000

Details of the jointly controlled entities are disclosed in Note 35.

During the financial year, the Group subscribed for an additional 6,000 ordinary shares of RM1 each in Positive Properties Sdn Bhd for a cash consideration of RM6,000.

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

	2008 RM'000	2007 RM'000
Non-current assets	**415,203**	376,712
Current assets	**65,958**	91,673
Non-current liabilities	**(99,369)**	(102,401)
Current liabilities	**(59,901)**	(59,564)
Net assets	**321,891**	306,420
Revenue	**59,477**	51,647
Expenses, including finance costs and taxation	**(44,012)**	(45,245)
	15,465	6,402

Notes to the Financial Statements
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9. INVESTMENTS

	GROUP 2008 RM'000	GROUP 2007 RM'000
Long term investments		
Quoted shares in Malaysia, at cost	**28,162**	79,829
Unquoted shares in Malaysia, at cost	**-**	48
	28,162	79,877
Less: Accumulated impairment losses	**(22,141)**	(22,730)
	6,021	57,147
Market value of quoted shares as at 30 June	**6,021**	64,425
Marketable securities		
Quoted shares in Malaysia, at lower of cost and market value	**-**	7,201
Market value of quoted shares as at 30 June	**-**	7,201

10. GOODWILL ON CONSOLIDATION

	GROUP 2008 RM'000	GROUP 2007 RM'000
At 1 July	**2,464**	2,464
Add: Goodwill arising from acquisition of a subsidiary (Note 6)	**17,732**	-
	20,196	2,464
Less: Impairment charge for the year	**(2,464)**	-
At 30 June	**17,732**	2,464

(a) Impairment loss recognised

The Group has carried out a review on the recoverable amount of the goodwill on consolidation of the hotel management cash-generating unit and the management do not believe that the goodwill can be recovered. Accordingly, an impairment of RM2,464,000 (2007: RM nil) is recognised during the current financial year.

(b) Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's cash-generating units ("CGUs") identified according to country of operation and business segment as follows:

	2008 Malaysia RM'000	2007 Malaysia RM'000
Property development	**17,732**	-
Hotel management	**-**	2,464
	17,732	2,464

10. GOODWILL ON CONSOLIDATION *cont'd*

(b) Impairment tests for goodwill *cont'd*

Key assumptions used in value-in-use calculation

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	Operating Margin		Growth Rate		Discount Rate	
	2008	2007	2008	2007	2008	2007
	%	%	%	%	%	%
Property development	**11.4**	-	**3.0**	-	**9.0**	-
Hotel management	**-**	15.3	**-**	15.4	**-**	3.4

(i) Budgeted operating margin

The basis used to determine the value assigned to the budgeted operating margins is the average operating margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Growth rate

The weighted average growth rates used are based on the budgeted revenue growth for property development and hotel operations.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, the directors reasonably believes that no possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

11. DEFERRED TAXATION

	GROUP	
	2008	2007
	RM'000	RM'000
At beginning of financial year	**(677)**	(267)
Recognised in the income statement (Note 29)	**79**	(1)
Acquisition of subsidiary (Note 6)	**17,732**	(409)
At end of financial year	**17,134**	(677)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(1,166)**	(1,243)
Deferred tax liabilities	**18,300**	566
	17,134	(677)

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11. DEFERRED TAXATION *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 2006	-	165	427	592
Recognised in the income statement	-	(26)	-	(26)
At 30 June 2007	-	139	427	566
At 1 July 2007	**-**	**139**	**427**	**566**
Recognised in the income statement	**-**	**2**	**-**	**2**
Acquisition of subsidiary (Note 6)	**17,732**	**-**	**-**	**17,732**
At 30 June 2008	**17,732**	**141**	**427**	**18,300**

Deferred Tax Assets of the Group

	Unused Tax Losses and Unutilised Capital Allowances RM'000
At 1 July 2006	(859)
Recognised in the income statement	25
Acquisition of subsidiary	(409)
At 30 June 2007	(1,243)
At 1 July 2007	**(1,243)**
Recognised in the income statement	**77**
At 30 June 2008	**(1,166)**

11. DEFERRED TAXATION *cont'd*

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unused tax losses	**39,539**	37,981	**571**	571
Unabsorbed capital allowances	**69,889**	71,284	**457**	330
Unabsorbed investment tax allowance	**76,470**	76,227	**297**	-
Others	**2,691**	2,756	**-**	34
	188,589	188,248	**1,325**	935
Deferred tax at 25% (2007: 26%)	**47,147**	48,944	**331**	243

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.

12. LEASEHOLD LAND USE RIGHT

	GROUP	
	2008 RM'000	2007 RM'000
At 1 July	**4,516**	4,573
Amortisation for the year	**(57)**	(57)
At 30 June	**4,459**	4,516
Analysed as:		
Long term leasehold land	**4,459**	4,516

The entire leasehold land is pledged for borrowings as referred to in Notes 22 and 24.

13. INVENTORIES

	GROUP	
	2008 RM'000	2007 RM'000
At cost		
Property inventories	**6,667**	4,316
Saleable merchandise	**539**	554
Operating supplies	**533**	685
	7,739	5,555
At net realisable value		
Property inventories	**829**	829
	8,568	6,384

Notes to the Financial Statements
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13. INVENTORIES *cont'd*

The cost of property inventories of the Group recognised as cost of sales during the financial year amounted to RM42,000 (2007: RM5,374,000).

As at the balance sheet date, the carrying amount of inventories pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 22 are as follows:

	GROUP	
	2008 RM'000	2007 RM'000
Saleable merchandise	**232**	306
Operating supplies	**191**	293

14. DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP	
	2008 RM'000	2007 RM'000
Contract cost incurred to date	**59,924**	46,915
Attributable profits	**14,369**	13,094
	74,293	60,009
Less: Progress payments received and receivable	**(73,500)**	(58,936)
	793	1,073
Due from contract customers	**1,405**	1,883
Due to contract customers	**(612)**	(810)
	793	1,073
Contract revenue recognised in income statement (Note 25)	**(15,547)**	(16,701)
Contract costs recognised in income statement (Note 26)	**14,272**	13,356

15. DEVELOPMENT PROPERTIES

	GROUP	
	2008 RM'000	2007 RM'000
Development properties cost:		
At beginning of financial year		
Freehold land	**183,824**	91,911
Long leasehold land	**1,531**	1,531
Development expenditure	**64,637**	27,889
	249,992	121,331

15. DEVELOPMENT PROPERTIES *cont'd*

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Transfer from acquisition of subsidiary (Note 6):		
Freehold land	**-**	18,700
Development expenditure	**-**	3,677
	-	22,377
Transfer to property, plant and equipment (Note 3):		
Freehold land	**-**	(6,029)
Cost incurred during the year:		
Freehold land	**5**	79,242
Long leasehold land	**636**	-
Development expenditure	**67,858**	33,071
	68,499	112,313
Reversal of completed projects	**(5,743)**	-
Cost recognised in income statement:		
At beginning of financial year	**(52,566)**	(18,009)
Recognised during the year	**(22,840)**	(34,557)
Transfer to inventories	**(2,385)**	-
Reversal of completed projects	**5,743**	-
At end of financial year	**(72,048)**	(52,566)
Development properties cost at 30 June	**240,700**	197,426

Included in the development properties costs is borrowing costs incurred during the financial year of RM2,840,000 (2007: RM2,435,000)

As at the balance sheet date, the carrying amounts of freehold land and related development expenditure pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 22 are RM190,755,000 (2007: RM108,374,000).

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16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	**36,200**	28,863	**-**	-
Less: Provision for doubtful debts	**(203)**	(141)	**-**	-
	35,997	28,722	**-**	-
Other receivables	**10,639**	16,107	**109**	109
Less: Provision for doubtful debts	**(5,091)**	(5,218)	**-**	-
	5,548	10,889	**109**	109
Properties progress payments	**370,534**	-	**-**	-
Accrued billings in respect of development property cost	**361**	2,722	**-**	-
Subsidiaries	**-**	-	**229,030**	50,092
Jointly controlled entities	**8,011**	12,299	**357**	-
Related companies	**8,854**	228	**26**	304
	429,305	54,860	**229,522**	50,505

Included in trade receivables are debts aged in excess of 1 year of approximately RM1,732,000 (2007: RM2,300,000). The directors have considered all available information with regards to the recoverability of these debts. Notwithstanding that these debts are long outstanding, the directors are of the view that these debts can be realised in full.

The Group's normal trade credit term ranges from 7 days to 60 days (2007: 7 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Properties progress payments represents payments made in the acquisition of properties under development by external developers. Risks and rewards pertaining to these properties will be transferred only upon completion of the development and thereafter, these properties will be reclassified as property inventories. Details of the acquisition are disclosed in Notes 6 and 38.

Included in properties progress payment is borrowing costs incurred during the financial year of RM15,840,000 (2007: RMnil).

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:

(i) amounts totalling RM193,957,000 (2007: RM36,194,000) due from certain subsidiaries which bore interest at rate of 5.60% (2007: 5.60% to 6.00%) per annum during the financial year; and

(ii) in the previous year, RM4,594,000 due from certain jointly controlled entities bore interest at rates ranging from 4.78% to 5.33%.

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 trade receivables aged in excess of 1 year, jointly controlled entities, related companies and subsidiaries in respect of the Group and of the Company respectively.

17. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits placed with licensed banks	**13,685**	28,331	**-**	23,000
Cash and bank balances	**51,742**	13,654	**539**	885
	65,427	41,985	**539**	23,885
Of which amounts placed with a related company which is a licensed financial institution				
- deposits	**6,401**	5,331	**-**	-
- bank balances	**7,069**	12,180	**39**	167

Cash and bank balances of the Group includes RM5,419,000 (2007: RM10,229,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore, restricted from use in other operations.

The weighted average effective interest rates of deposits placed with licensed banks of the Group and of the Company at the balance sheet date were 2.95% (2007: 3.39%) and 3.40% (2007: 3.43%) per annum respectively.

The average maturities of deposits placed with licensed banks of the Group and of the Company as at the end of the financial year were 7 days (2007: 14 days) and 31 days (2007: 6 days) respectively.

18. SHARE CAPITAL

	Ordinary shares of RM0.50 each			
	2008 No. of shares '000	2007 No. of shares '000	2008 Amount RM'000	2007 Amount RM'000
Authorised	**3,000,000**	3,000,000	**1,500,000**	1,500,000
Issued and fully paid	**700,458**	700,458	**350,229**	350,229

19. RESERVES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable:				
Share premium	**35,089**	35,089	**35,089**	35,089
Exchange reserve	**6,338**	5,285	**-**	-
Merger reserve	**-**	-	**68,219**	68,219
	41,427	40,374	**103,308**	103,308

Notes to the Financial Statements
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19. RESERVES *cont'd*

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Distributable:				
Retained profits	**477,022**	445,696	**57,589**	56,345
	518,449	486,070	**160,897**	159,653

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

The entire exchange reserve arose from the translation of financial statements of foreign subsidiaries.

As at 30 June 2008, 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. As such, the tax credits as at 30 June 2008 will be available to the Company until such time the credits are fully utilised or upon expiry of the six-year transitional period on 30 June 2014, whichever is earlier.

20. SHARES HELD BY ESOS TRUST

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

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

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

Month	← Share Price → Lowest RM	Highest RM	Average RM	Number of Shares '000	Total Consideration RM'000
Brought forward/Carried forward	0.62	1.72	0.78	30,388	23,658

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

21. DUE TO SUBSIDIARIES

All amounts due to subsidiaries are unsecured, not expected to be repaid within the next twelve months and interest free except for amounts totalling RM128,356,000 (2007: RM11,073,000) due to certain subsidiaries which bore interest at rates ranging from 3.00% to 3.20% (2007: 3.20% to 5.20%) per annum during the financial year.

22. LONG TERM BORROWINGS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Secured				
Term loans	**482,902**	90,500	**-**	-
Less: Amounts repayable within 12 months (Note 24)	**(12,500)**	(2,500)	**-**	-
	470,402	88,000	**-**	-
Unsecured				
Term loans	**10,000**	10,000	**10,000**	10,000
	480,402	98,000	**10,000**	10,000
The term loans outstanding are repayable as follows:				
1 year after balance sheet date	**12,500**	2,500	**-**	-
More than 1 year but not later than 2 years	**186,469**	12,500	**6,000**	-
More than 2 years but not later than 5 years	**290,433**	78,000	**4,000**	10,000
More than 5 years	**3,500**	7,500	**-**	-
	492,902	100,500	**10,000**	10,000

The term loans of the Group are secured by legal charges on certain property, plant and equipment, investment properties, land held for development, long term leasehold land, inventories and development properties as disclosed in Notes 3, 4, 5, 12, 13 and 15 as well as fixed and floating charges on assets of certain subsidiaries.

The term loans are repayable over the period from 2008 to 2014 and bore interest at rates ranging from 4.21% to 8.25% (2007: 4.00% to 5.39%) per annum during the financial year.

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables	**18,497**	15,653	**-**	-
Progress billings in respect of property development	**11,223**	869	**-**	-
Associates	**114**	114	**-**	-
Subsidiaries	**-**	-	**43,175**	34,415
Jointly controlled entities	**3,561**	3,468	**-**	-
Related companies	**1,942**	319	**397**	-
Provisions for foreseeable loss	**7,521**	8,116	**-**	-
Other payables	**46,134**	32,513	**1,439**	1,717
	88,992	61,052	**45,011**	36,132

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23. TRADE AND OTHER PAYABLES *cont'd*

The normal credit terms granted by the trade payables range from 30 days to 60 days (2007: 30 days to 60 days).

All the above amounts due to associates, subsidiaries and related companies and jointly controlled entities are unsecured, interest free and have no fixed terms of repayments.

24. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Secured				
Term loans (Note 22)	**12,500**	2,500	**-**	-
Bank overdrafts	**-**	1,146	**-**	-
	12,500	3,646	**-**	-
Unsecured				
Bank overdrafts	**-**	24	**-**	-
Revolving credits	**130,404**	-	**129,500**	-
	130,404	24	**129,500**	-
	142,904	3,670	**129,500**	-

The bank overdrafts of the Group were 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 7.50% to 7.75% per annum during the previous financial year.

The revolving credits of the Group and of the Company were obtained by a negative pledge over all assets of the Company. The revolving credits bore effective interest at rates ranging from 4.21% to 4.62% per annum.

Details of the term loans are disclosed in Note 22.

25. REVENUE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Contract revenue (Note 14)	**15,547**	16,701	**-**	-
Sale of properties	**29,297**	45,509	**-**	-
Rental of properties	**21,308**	22,067	**-**	-
Room rental	**45,376**	54,770	**-**	-
Dividends received	**4,193**	1,904	**15,966**	15,980
Management fees	**4,406**	5,033	**759**	733
	120,127	145,984	**16,725**	16,713

26. PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	**120,127**	145,984	**16,725**	16,713
Cost of sales	**(87,943)**	(111,715)	**-**	-
Gross profit	**32,184**	34,269	**16,725**	16,713
Other operating income	**9,102**	48,707	**25**	-
Distribution costs and marketing expenditures	**(4,495)**	(4,463)	**-**	-
Administration expenses	**(19,720)**	(10,259)	**(1,850)**	(1,704)
Other operating expenses	**(7,085)**	(7,765)	**(2,159)**	(1,728)
	9,986	60,489	**12,741**	13,281
Cost of sales comprises the following:				
Contract costs (Note 14)	**14,272**	13,356	**-**	-
Property development costs (Note 15)	**22,840**	34,557	**-**	-
Cost of inventories sold	**42**	5,374	**-**	-
Services rendered	**50,789**	58,428	**-**	-
	87,943	111,715	**-**	-
Operating profit is arrived at after charging:				
Auditors' remuneration				
- statutory audit	**211**	151	**70**	40
- under/(over) provided in previous year	**6**	1	**-**	(1)
Amortisation of prepaid lease payments	**57**	57	**-**	-
Direct operating expenses of income generating investment properties	**3,353**	3,269	**-**	-
Depreciation of property, plant and equipment	**2,922**	3,694	**98**	51
Directors' emoluments	**377**	1,084	**312**	215
Directors' fees				
- Directors of the Company	**272**	270	**272**	270
- Directors of subsidiaries	**11**	33	**-**	-
Loss on disposal of marketable securities	**748**	-	**-**	-
Office rent	**1,293**	961	**152**	146
Rent of premises	**1,844**	1,181	**-**	-
Property, plant and equipment written off	**447**	-	**-**	-
Provision for impairment loss in goodwill	**2,464**	-	**-**	-
Provision for impairment loss in investments	**3,477**	-	**-**	216
Provision for impairment loss in investments in associates	**-**	6	**-**	-
Provision for doubtful debts	**-**	141	**-**	-
Employee benefits expense				
- Salaries and wages	**15,384**	15,088	**659**	844
- Defined contribution plans	**1,292**	1,399	**262**	281
- Other benefits	**2,141**	1,706	**266**	239

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26. PROFIT FROM OPERATIONS *cont'd*

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating profit is arrived at after crediting:				
Management services fee	**7,892**	-	**-**	-
Gain on disposal of property, plant and equipment	**206**	39	**-**	-
Gain on disposal of investment in jointly controlled entity	**-**	1,439	**-**	-
Gain on disposals of investments in subsidiaries	**-**	35,607	**-**	-
Gross dividends from subsidiaries	**-**	-	**15,966**	15,980
Write back of provision for doubtful debts	**65**	-	**-**	-
Write back of provision for impairment loss in investments	**-**	10,463	**-**	-

Included in directors' emoluments of the Group and of the Company is director's benefits-in-kind amounting to RM12,115 (2007: RM47,006).

27. INTEREST INCOME

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest income from:				
- jointly controlled entities	**-**	310	**-**	-
- subsidiaries	**-**	-	**6,598**	1,214
- others	**1,230**	654	**359**	227
	1,230	964	**6,957**	1,441

28. FINANCE COSTS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense				
- loans and borrowings	**3,888**	4,115	**3,014**	1,924
- subsidiaries	**-**	-	**4,075**	519
- others	**971**	257	**703**	358
	4,859	4,372	**7,792**	2,801

29. TAXATION

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax expense for the year:				
Malaysian income tax	**3,365**	2,458	**1,013**	3,502
Overprovision in prior years:				
Malaysian income tax	**(305)**	(889)	**(268)**	-
	3,060	1,569	**745**	3,502
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	**(60)**	(3,703)	**-**	-
Relating to changes in tax rates	**26**	3,772	**-**	-
Under/(over) provision in prior year	**113**	(70)	**-**	-
	79	(1)	**-**	-
	3,139	1,568	**745**	3,502

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 30 June 2008 has reflected these changes.

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

	2008 RM'000	2007 RM'000
Group		
Profit before taxation	**46,216**	63,466
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	**12,016**	17,136
Effect of different tax rate in other countries	**-**	(376)
Effect of reduction in income tax rate to 20% on the first RM500,000 assessable profits	**(74)**	(73)
Deferred tax recognised at different tax rates	**26**	3,772
Tax effect on share of results of associate and joint ventures	**(3,971)**	(1,724)
Income not subject to tax	**(6,224)**	(12,499)
Expenses not deductible for tax purposes	**3,355**	2,175
Utilisation of previously unrecognised deferred tax assets	**(2,384)**	(6,025)
Deferred tax assets not recognised during the year	**587**	141
Overprovision of tax expense in prior years	**(305)**	(889)
Underprovision of deferred tax in prior years	**113**	(70)
Tax expense for the year	**3,139**	1,568

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29. TAXATION *cont'd*

	2008 RM'000	2007 RM'000
Company		
Profit before taxation	11,906	11,921
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	3,096	3,219
Income not subject to tax	(2,287)	-
Expenses not deductible for tax purposes	116	297
Effect of utilisation of previously unrecognised deferred tax assets	-	(14)
Deferred tax assets not recognised during the year	88	-
Overprovision of tax expense in prior years	(268)	-
Tax expense for the year	745	3,502

30. EARNINGS PER SHARE

The basic and diluted earnings per share of the Group has been calculated by dividing the consolidated profit attributable to ordinary shareholders of RM41,243,000 (2007: RM49,489,000) by the weighted average number of ordinary shares in issue during the year (net of ESOS Trust shares) of 670,070,818 (2007: 670,429,281) shares.

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

31. DIVIDEND

	Amount		Net Dividend per Share	
	2008 RM'000	2007 RM'000	2008 Sen	2007 Sen
In respect of financial year ended 30 June 2007				
- Final dividend of 2 sen per share less 26% taxation paid on 30 November 2007	**9,917**	-	**1.48**	-
In respect of financial year ended 30 June 2006				
- Final dividend of 2 sen per share less 27% taxation paid on 15 November 2006	**-**	9,789	**-**	1.46
	9,917	9,789	**1.48**	1.46

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2008, of 2 sen per share less 25% taxation on 670,070,818 (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 RM10,051,062. 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 2009.

32. CONTINGENT LIABILITIES

There are no material contingent liabilities as at balance sheet date.

33. 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 and foreign exchange risks. The Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

(c) Effective Interest Rates and Repricing Analysis

The effective interest rates of the interest-earning financial assets and interest-bearing financial liabilities of the Group 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 2008:				
Deposits	**3.23**	**-**	**13,685**	**13,685**
At 30 June 2007:				
Deposits	3.39	-	28,331	28,331
Due from jointly controlled entities	5.05	4,594	-	4,594
Financial liabilities				
At 30 June 2008:				
Borrowings				
- Floating rate	**4.76**	**623,306**	**-**	**623,306**
At 30 June 2007:				
Borrowings				
- Floating rate	4.52	101,670	-	101,670

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33. FINANCIAL INSTRUMENTS *cont'd*

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

	Effective Interest Rate %	Floating interest RM'000	Fixed interest rate maturing within 1 year RM'000	Total RM'000
Company				
Financial assets				
At 30 June 2008:				
Due from subsidiaries	**5.60**	**-**	**193,957**	**193,957**
At 30 June 2007:				
Deposits	3.43	-	23,000	23,000
Due from subsidiaries	6.75	-	36,194	36,194
Financial liabilities				
At 30 June 2008:				
Borrowings				
- Floating rate	**4.40**	**139,500**	**-**	**139,500**
Due to subsidiaries	**3.17**	**-**	**128,356**	**128,356**
At 30 June 2007:				
Borrowings				
- Floating rate	4.80	10,000	-	10,000
Due to subsidiaries	4.20	-	11,073	11,073

(d) Credit Risk

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

At balance sheet date, except as disclosed in Note 16 to the financial statements, 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.

(e) Liquidity Risk

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

(f) Foreign Exchange Risk

The Group is not exposed to significant foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia (RM).

33. FINANCIAL INSTRUMENTS *cont'd*

(g) Fair Values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, trade and other receivables/payables and short term borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of the financial instruments.

(ii) Quoted share investments

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Unquoted share investments

Fair value of these unquoted shares has been estimated using a valuation technique based on assumptions of certain dividend yield and discount rate that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques are reasonable and the most appropriate at the balance sheet date.

(iv) Due from/to jointly controlled entities, related parties and subsidiaries

It is not practical to estimate the fair values of amounts due from/to jointly controlled entities, related parties and subsidiaries due to no fixed repayment terms being entered into between the parties.

34. SUBSIDIARIES

The subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2008 %	Effective equity interest 2007 %	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 Hotels Limited and its subsidiaries:	Bermuda	**70**	70	Investment holding
^ Guoman Philippines, Inc.	Philippines	**70**	70	Dormant
^ Guoman International Limited and its subsidiary:	Jersey, Channel Islands	**70**	70	Investment holding and provision of technical and management services

Notes to the Financial Statements
30 June 2008
cont'd

34. SUBSIDIARIES *cont'd*

Name of company	Country of incorporation	Effective equity interest 2008 %	Effective equity interest 2007 %	Principal activities
Guoman International Sdn Bhd	Malaysia	**70**	70	Provision of technical and management services
JB Parade Sdn Bhd and its subsidiary:	Malaysia	**42**	42	Investment holding and hotel operations
JB Parade Condominium Sdn Bhd	Malaysia	**42**	42	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
# Evergreen Direction Sdn Bhd	Malaysia	**-**	100	Dissolved by members' voluntary liquidation
Hong Leong Real Estate Holdings Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding
^ Bedford Land Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding
BLV Fashions Sdn Bhd	Malaysia	**100**	100	Property investment
^ Guobena Development Sdn Bhd	Malaysia	**100**	100	Property investment
HL Bandar Sdn Bhd	Malaysia	**100**	100	Property investment
Prophills Development Sdn Bhd	Malaysia	**100**	100	Dormant
Damansara City Sdn Bhd	Malaysia	**100**	100	Property development
Orifour Sdn Bhd	Malaysia	**100**	100	Dormant
Orifive Sdn Bhd	Malaysia	**100**	100	Dormant

34. SUBSIDIARIES *cont'd*

Name of company	Country of incorporation	Effective equity interest 2008 %	Effective equity interest 2007 %	Principal activities
# Resource Properties Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation
# Bedford Excel Venture Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation
# Bedford Leisure Ventures Sdn Bhd and its subsidiary:	Malaysia	**100**	100	In members' voluntary liquidation
# BLV Entertainment Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation
HLP Equities Sdn Bhd	Malaysia	**100**	100	Investment holding
^ HLL Overseas Limited	Jersey, Channel Islands	**100**	100	Investment holding and trading in securities
^ Hong Leong Real Estate Management Sdn Bhd	Malaysia	**100**	100	Dormant
^ GLM Property Services Sdn Bhd (formerly known as Hong Leong Property Services Sdn Bhd)	Malaysia	**100**	100	Provision of property management services
^ GLM Property Management Co Sdn Bhd (formerly known as Hong Leong Property Management Co Sdn Bhd) and its subsidiary:	Malaysia	**100**	100	Provision of property management services
# Online Ventures Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation
^ GLM REIT Management Sdn Bhd	Malaysia	**100**	100	Provision of management services
^ Astute Modernization Sdn Bhd and its subsidiary:	Malaysia	**100**	-	Investment holding
^ Titan Debut Sdn Bhd	Malaysia	**100**	-	Acquire, enhance and resale of properties

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

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

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

Notes to the Financial Statements
30 June 2008
cont'd

35. JOINTLY CONTROLLED ENTITIES

The details of jointly controlled entities are as follows:

Name of jointly controlled entity	Country of incorporation	Effective equity interest 2008 %	Effective equity interest 2007 %	Principal activities
Vintage Heights Sdn Bhd	Malaysia	**40**	40	Property development and operation of an oil palm estate
Positive Properties Sdn Bhd	Malaysia	**50**	50	Property investment
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.

36. SEGMENT INFORMATION

The Group is organised into three major business segments:

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

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

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

Other business segments include provision of management services and trading in securities, none of which are of a sufficient size to be reported separately.

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

36. SEGMENT INFORMATION *cont'd*

	Property Investment and Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue												
External sales	**66,152**	84,277	**45,376**	54,770	**-**	-	**8,599**	6,937	**-**	-	**120,127**	145,984
Inter-segment sales	**-**	-	**-**	-	**-**	-	**2,212**	3,236	**(2,212)**	(3,236)	**-**	-
Total revenue	**66,152**	84,277	**45,376**	54,770	**-**	-	**10,811**	10,173	**(2,212)**	(3,236)	**120,127**	145,984
Results												
Segment results	**1,264**	17,561	**7,837**	40,560	**-**	-	**3,043**	3,886	**-**	-	**12,144**	62,007
Unallocated corporate expenses											**(2,158)**	(1,518)
Profit from operations											**9,986**	60,489
Interest income											**1,230**	964
Finance cost											**(4,859)**	(4,372)
Share of result of associates	**-**	-	**(6)**	-	**-**	-	**24,400**	-	**-**	(17)	**24,394**	(17)
Share of results of jointly controlled entities	**581**	1,566	**-**	-	**14,884**	4,836	**-**	-	**-**	-	**15,465**	6,402
Taxation											**(3,139)**	(1,568)
Profit after taxation											**43,077**	61,898
Minority interests											**(1,834)**	(12,409)
Profit for the year											**41,243**	49,489

36. SEGMENT INFORMATION *cont'd*

	Property Investment and Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Assets												
Segment assets	**996,396**	461,981	**154,829**	156,576	**-**	-	**5,080**	8,934	**-**	-	**1,156,305**	627,491
Investments in equity method of associates	**-**	-	**718**	724	**-**	-	**83,974**	-	**-**	-	**84,692**	724
Long term investments	**6,006**	15,587	**-**	-	**-**	-	**15**	41,560	**-**	-	**6,021**	57,147
Marketable securities	**-**	-	**-**	-	**-**	-	**-**	7,201	**-**	-	**-**	7,201
Investments in equity method of jointly controlled entities	**110,786**	129,167	**-**	-	**211,105**	177,253	**-**	-	**-**	-	**321,891**	306,420
Unallocated corporate assets											**85,466**	53,572
Consolidated total assets											**1,654,375**	1,052,555
Liabilities												
Segment liabilities	**89,256**	46,517	**9,314**	8,806	**-**	-	**131,875**	922	**-**	-	**230,445**	56,245
Unallocated corporate liabilities											**501,442**	108,485
Consolidated total liabilities											**731,887**	164,730

36. SEGMENT INFORMATION *cont'd*

	Property Investment and Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other Information												
Capital expenditure	**44,877**	9,337	**3,518**	3,351	**-**	-	**1,808**	885	**-**	-	**50,203**	13,573
Depreciation	**165**	205	**2,079**	2,843	**-**	-	**678**	646	**-**	-	**2,922**	3,694
Amortisation of prepaid lease	**-**	-	**57**	57	**-**	-	**-**	-	**-**	-	**57**	57
Impairment of investments	**-**	-	**-**	6	**-**	-	**3,477**	-	**-**	-	**3,477**	6
Impairment of goodwill	**-**	-	**2,464**	-	**-**	-	**-**	-	**-**	-	**2,464**	-
Non-cash expenses other than depreciation, amortisation and impairment losses	**199**	83	**62**	53	**-**	-	**869**	5	**-**	-	**1,130**	141
Write back of provision for impairment loss in investments	**-**	(7,274)	**-**	-	**-**	-	**-**	(3,189)	**-**	-	**-**	(10,463)

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

Notes to the Financial Statements
30 June 2008
cont'd

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

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

Related companies	Relationships
Hong Leong Financial Group Berhad and subsidiaries	Subsidiaries of Hong Leong Company (Malaysia) Berhad ("HLCM")
HLCM Capital Sdn Bhd and subsidiaries	Subsidiaries of HLCM
Hume Industries (Malaysia) Berhad and subsidiaries	Subsidiaries of HLCM
Hong Leong Industries Berhad and subsidiaries	Subsidiaries of HLCM
Tower Real Estate Investment Trust	An investment trust in which certain directors have interests
GuocoLand Limited and subsidiaries	Holding company of GLM

Related parties	
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 entity in which certain directors have interests
Positive Properties Sdn Bhd	Jointly controlled entity in which certain directors have interests

(b) Transactions within the Group

	Company	
	2008	**2007**
	RM'000	**RM'000**
Dividend income	**15,966**	15,980
Management fees	**759**	733
Interest income	**6,598**	1,214
Interest expense	**(4,075)**	(519)

37. SIGNIFICANT RELATED PARTY TRANSACTIONS *cont'd*

(c) Related Party Transactions

	Group	
	2008	**2007**
	RM'000	**RM'000**
Rental income received	**-**	90
Interest income	**-**	310
Management services received	**1,605**	2,051
Proceeds receivable from the redemption of redeemable preference shares by a jointly controlled entity	**-**	12,391

(d) Related Company Transactions

	Group	
	2008	**2007**
	RM'000	**RM'000**
Rental income received	**2,403**	862
Management services received	**7,892**	-
Management services paid	**(180)**	(214)
Insurance premium paid	**(465)**	(410)
Security services paid	**(479)**	(579)
Office rental paid	**(1,336)**	(1,009)
Financial and treasury services paid	**(2,387)**	(441)
Share, warrants and ESOS administration services paid	**(56)**	(59)

Information regarding the outstanding balances arising from related party transactions as at 30 June 2008 are disclosed in Notes 16, 21 and 23 to the financial statements.

(e) Compensation of Key Management Personnel

The directors of the Company are key management personnel who have 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 26 to the financial statements.

38. SIGNIFICANT EVENTS DURING THE YEAR

(a) On 8 August 2007, the Company had subscribed for 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Astute Modernization Sdn Bhd ("Astute") for a cash consideration of RM2.

(b) On 8 August 2007, Astute had entered into a Share Sale and Purchase Agreement to acquire 100% equity interests in Titan Debut Sdn Bhd ("Titan") for a cash consideration of RM71,000,000. The acquisition was completed on 26 October 2007. Titan had, on 20 April 2007, entered into Sale and Purchase Agreement to purchase the entire 140 units of service apartments together with respective accessory parcels in the project known as "OVAL Apartments" for a total cash consideration of RM404.58 million. The OVAL Apartments measuring of 586,356 square feet are situated along Jalan Binjai in the Kuala Lumpur City Centre area.

Notes to the Financial Statements
30 June 2008
cont'd

38. SIGNIFICANT EVENTS DURING THE YEAR *cont'd*

(c) On 14 January 2008, Company via its wholly-owned subsidiary, Sabna Development Sdn Bhd, entered into a conditional Sale and Purchase Agreement to acquire a piece of land measuring in area approximately 32,624 square feet together with two separate residential buildings erected thereon, all situated at Changkat Kia Peng, Kuala Lumpur, for a total cash consideration of RM55,460,800. The acquisition was completed on 4 June 2008.

(d) The Company via its wholly-owned subsidiary, HLP Equities Sdn Bhd, had between 14 November 2007 and 16 May 2008, acquired through the market, a total of 13,943,800 units in Tower Real Estate Investment Trust ("Tower REIT") for an aggregate cash consideration of approximately RM17.544 million. The acquisition had increased the Company's interest in Tower REIT to approximately 20%.

39. SUBSEQUENT EVENT AFTER THE BALANCE SHEET DATE

The Company had, on 23 April 2008, entered into a conditional Sale of Shares Agreement ("SSA") with Hong Leong Financial Group Berhad to acquire 100% equity interest in Raikon Building Management Co Sdn Bhd ("Raikon") for a cash consideration based on the net assets of Raikon as at the last day of the calendar month on which all the conditions precedent under the SSA have been fulfilled. Raikon is principally engaged in property-related services and the said acquisition is expected to provide synergistic benefits to the Group. The acquisition was completed on 1 July 2008 for a total cash consideration of RM1.8 million.

The fair value of the assets acquired and liabilities assumed from the acquisition of Raikon are as follows:

Acquisition of subsidiary:

	2008 RM'000
Property, plant and equipment	**161**
Intangible assets	**25**
Trade and other receivables	**346**
Cash and cash equivalent	**1,628**
Other payables and accruals	**(340)**
Group's share of net assets	**1,820**
Consideration for acquisition was satisfied by:	
- cash	**1,820**
	1,820
Cash outflow arising on acquisition:	
Purchase consideration	**1,820**
Cash and cash equivalents of subsidiary acquired	**(1,628)**
Net cash outflow of the Group	**192**

40. 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.

40. LEASE COMMITMENTS *cont'd*

(a) The Group as lessee *cont'd*

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

	Group	
	2008	**2007**
	RM'000	**RM'000**
Not later than 1 year	**1,450**	994
Later than 1 year and not later than 5 years	**964**	1,160
	2,414	2,154

(b) The Group as lessor

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

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

	Group	
	2008	**2007**
	RM'000	**RM'000**
Not later than 1 year	**451**	906
Later than 1 year and not later than 5 years	**151**	430
	602	1,336

41. CAPITAL COMMITMENTS

	Group	
	2008	**2007**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**16,182**	23,930
Others	**555**	471
	16,737	24,401

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

We, **POH YANG HONG** 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 39 to 99 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 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

POH YANG HONG

TAN KEOK YIN

Kuala Lumpur
20 August 2008

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

I, **WONG TACK WEE**, 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 39 to 99 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **WONG TACK WEE**
at Kuala Lumpur in the Federal
Territory on 20 August 2008

WONG TACK WEE

Before me,

TEONG KIAN MENG
Pesuruhjaya Sumpah
Commissioner for Oaths

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 balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 39 to 99.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, 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 and fair presentation of the financial statements 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 2008 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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 34 to the financial statements.

(c) We are satisfied that the accounts 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 accounts 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.

Independent Auditors Report
to the members of GuocoLand (Malaysia) Berhad (Incorporated in Malaysia)
cont'd

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

Low Khung Leong
No.2697/01/09(J)
Partner

Kuala Lumpur
20 August 2008

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2008

Tenure	Location	Approximate Net Lettable/ Land* Area (sq ft)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	**Bangunan Hong Leong** Land with a 16-storey office building at No. 117 Jalan Tun H.S. Lee 50000 Kuala Lumpur Fair Value: RM37,000,000	92,561 sq ft	33	36,874	7/12/1992
Leasehold Expiry Date: 24/3/2101	**Menara Pandan C & D** Two 10-storey office tower blocks at Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur Fair Value: RM70,000,000	356,160 sq ft	11	69,786	**19/1/1998
Leasehold Expiry Date: 10/10/2087	**Hyatt Regency Johor Bahru** Land with a 381-room hotel at Lots 17869 & 17870 Jalan Sg. Gelam Off Jalan Sg. Chat District of Johor Bahru Johor Darul Takzim	6.4 acres *	14	79,413	**23/8/1994
Freehold	**Guoman Port Dickson** Land with a 256-room hotel resort & 9-hole golf course at Lots 7251, 7252, 7253, 7256 & 7257 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	64.0 acres *	13	68,383	**7/8/1996
Freehold	Vacant land at Lots 7252 & 7257 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	6.7 acres *	-	2,272	26/3/1984
Freehold	**OVAL KUALA LUMPUR** Land with development in progress at Geran 37420 for Lot 193, Geran 53086 for Lot 325, Geran 53087 for Lot 326, Geran 53088 for Lot 327, all in Seksyen 63, Bandar & Daerah Kuala Lumpur	1.8 acres *	-	301,940	8/8/2007

Other Information
cont'd

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2008 *cont'd*

Tenure	Location	Approximate Net Lettable/ Land* Area (sq ft)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	**Damansara CITY** Land with development in progress at Lot PT 5787, Jalan Damanlela Bukit Damansara Kuala Lumpur	8.5 acres *	-	231,496	9/11/1994
Freehold	Vacant land at Lot 29, Section 90 Town of Kuala Lumpur	1.4 acres *	-	21,470	24/11/1993
Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress in Mukim of Sg. Buloh Selangor Darul Ehsan	26.4 acres *	-	7,587	2/3/1993
Freehold	Vacant land at Lot 3059 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	7.5 acres *	-	6,700	15/6/1990
Freehold	Vacant land at Lot 322 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	11.7 acres *	-	12,768	12/7/1990
Freehold	Vacant land at Geran No. 20438 Lot 36, Bandar Batu Ferringhi Pulau Pinang	4.6 acres *	-	762	7/4/2005
Freehold	**Pantai Sepang Putra** Land with development in progress at Mukim of Sepang and Districts of Sepang & Kuala Langat Selangor Darul Ehsan	5,085.6 acres *	-	223,501	27/3/1992
Freehold	Vacant land at Mukim of Jasin Melaka Darul Amin	5,510.0 acres *	-	330,000	22/5/1996
Freehold	**Emerald 1** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	107.3 acres *	-	36,294	11/10/1999

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2008 *cont'd*

Tenure	Location	Approximate Net Lettable/ Land* Area (sq ft)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	**Emerald 2** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	724.0 acres *	-	221,536	31/5/2000
Freehold	**Emerald 1B** Land with development in progress at Geran 30372 Lot No 1349, Mukim of Rawang Daerah Ulu Selangor Selangor Darul Ehsan	46.9 acres *	-	20,921	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	1.2 acres *	-	7,060	17/7/1989
Freehold	**The Nest** Vacant land in Seksyen 9 Tempat Sungai Kantan Kajang, Daerah Hulu Langat Selangor Darul Ehsan	9.0 acres *	-	14,072	10/8/2006
Freehold	**The Cirrus** Land with development in progress within Taman Mutiara Barat Off Jalan Cheras Mukim of Kuala Lumpur	16.1 acres *	-	81,608	6/10/2006
Freehold	Vacant land at Geran 25964 Lot 241 Seksyen 0063 Bandar Kuala Lumpur Daerah Kuala Lumpur	0.7 acres *	-	59,143	14/1/2008

Other Information
cont'd

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 AUGUST 2008

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	420	3.97	16,477	0.00
100 – 1,000	3,412	32.24	3,155,933	0.45
1,001 – 10,000	5,494	51.91	22,585,952	3.22
10,001 – 100,000	1,122	10.60	31,993,492	4.57
100,001 – less than 5% of issued shares	133	1.25	113,545,584	16.21
5% and above of issued shares	3	0.03	529,161,080	75.55
	10,584	**100.00**	**700,458,518**	**100.00**

Thirty Largest Shareholders

	Names of Shareholders	No. of Shares	%
1.	GLL (Malaysia) Pte Ltd	350,755,920	50.08
2.	HLG Nominee (Asing) Sdn Bhd - GLL (Malaysia) Pte Ltd	104,374,660	14.90
3.	Cartaban Nominees (Asing) Sdn Bhd - Dubai Ventures Limited	74,030,500	10.57
4.	Assets Nominees (Tempatan) Sdn Bhd - Exempt AN for GuocoLand (Malaysia) Berhad (ESOS)	30,494,600	4.35
5.	Employees Provident Fund Board	16,724,940	2.39
6.	HLB Nominees (Asing) Sdn Bhd - Central China Holdings Limited	7,341,600	1.05
7.	YBhg Tan Sri Quek Leng Chan	4,476,280	0.64
8.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited	4,419,496	0.63
9.	Cimsec Nominees (Asing) Sdn Bhd - Exempt AN for CIMB-GK Securities Pte Ltd (Retail Clients)	3,653,360	0.52
10.	Wang Yen Liang	3,500,000	0.50
11.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse	2,508,000	0.36
12.	HLG Nominee (Tempatan) Sdn Bhd - Leong Khai Shaun	1,566,600	0.22

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 AUGUST 2008 *cont'd*

Thirty Largest Shareholders *cont'd*

Names of Shareholders	No. of Shares	%
13. UOBM 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. HLG Nominee (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,370,780	0.20
17. Citigroup Nominees (Asing) Sdn Bhd - DFA Emerging Markets Small Cap Series	1,359,800	0.19
18. Hong Bee Hardware Company, Sdn Berhad	1,357,020	0.19
19. Amsec Nominees (Asing) Sdn Bhd - Kwong Hang Terry	1,300,000	0.19
20. Kadar Shah Bin Sulaiman	1,200,000	0.17
21. Citigroup Nominees (Asing) Sdn Bhd - Low Check Kian	1,065,000	0.15
22. Citigroup Nominees (Asing) Sdn Bhd - Orcadas Limited	945,640	0.13
23. Cimsec Nominees (Tempatan) Sdn Bhd - June Leong Lai Ling	769,500	0.11
24. Amsec Nominees (Asing) Sdn Bhd - Low Check Kian	725,500	0.10
25. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Brown Brothers Harriman & Co.	600,000	0.09
26. Ke-Zan Nominees (Asing) Sdn Bhd - The Nassim Fund	598,600	0.09
27. Kheng Lim Holdings Sdn Bhd	550,000	0.08
28. Citigroup Nominees (Asing) Sdn Bhd - Dimensional Funds II PLC	542,300	0.08
29. Citigroup Nominees (Asing) Sdn Bhd - Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	486,500	0.07
30. Citigroup Nominees (Asing) Sdn Bhd - DFA Emerging Markets Fund	486,000	0.07
	621,611,061	**88.74**

Other Information
cont'd

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 AUGUST 2008 *cont'd*

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 29 August 2008 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	4,476,280	0.64	456,555,616	65.18*C
4. Kwek Leng Beng	-	-	456,555,616	65.18*C
5. Kwek Holdings Pte Ltd	-	-	456,555,616	65.18*C
6. Hong Realty (Private) Limited	-	-	456,555,616	65.18*C
7. Hong Leong Investment Holdings Pte Ltd	-	-	456,555,616	65.18*C
8. Kwek Leng Kee	-	-	456,555,616	65.18*C
9. Davos Investment Holdings Private Limited	-	-	456,555,616	65.18*C
10. Quek Leng Chye	-	-	456,555,616	65.18*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
17. Dubai Ventures Limited	74,030,500	10.57	-	-

*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 29 AUGUST 2008

Subsequent to the financial year end, there is no change, as at 29 August 2008, to the Directors' interests in the ordinary shares and/or warrants/options/convertible loan stocks/bonds of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 33 to 36 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except for the changes set out below:

	No. of ordinary shares or *shares to be issued arising from the conversion of bonds	%
Indirect Interests		
YBhg Tan Sri Quek Leng Chan in:		
Hume Industries (Malaysia) Berhad	120,561,328	65.91
Hong Leong Bank Berhad	961,995,100	64.18
GuocoLand Limited ("GLL")	576,258,320	64.93
	13,619,025*	1.34**
GuocoLeisure Limited ("GL")	743,859,211#	54.37

Notes:

** Based on the enlarged share capital of GLL assuming full conversion of S$690,000,000 nominal value of GLL's convertible bonds as at 29 August 2008.

Inclusive of GL shares which are credited/transferred to a company in which YBhg Tan Sri Quek Leng Chan has interest on 18 August 2008 pursuant to the capital distribution of shares of GL to the entitled shareholders of Camerlin Group Berhad ("CGB") via a reduction of the share capital and cancellation of CGB's share premium reserve.

4. MATERIAL CONTRACTS

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

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

FORM OF PROXY

I/We _____

of _____

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

_____

of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighty-fourth 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, 15 October 2008 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy is 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 Directors' fees		
3.	To re-elect Mr Poh Yang Hong as a Director		
4.	To re-elect Mr Quek Chee Hoon as a Director		
5.	To re-elect YBhg Tan Sri Nik Mohamed bin Nik Yaacob as a Director		
6.	To re-elect YBhg Dato' Chew Kong Seng as a Director pursuant to Section 129 of the Companies Act, 1965		
7.	To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
8.	As a special business, to approve the ordinary motion on authority to Directors to issue shares		

Dated this _____ day of _____ 2008.

_____
Number of shares held

_____
Signature of Member

NOTES:

1. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. 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.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.