GuocoLand
















GuocoLand (Malaysia) Berhad is a major developer of residential and commercial properties in the Kuala Lumpur city centre and various locations around the Klang Valley – from its early township developments to its current portfolio of prime projects including Damansara CITY in Damansara Heights, Commerce One along Old Klang Road, Emerald Rawang and The Cirrus in Cheras.

With the securitisation of the property industry via Real Estate Investment Trusts (REITs), GuocoLand Malaysia established Tower REIT in 2006, and has in its portfolio high quality and yield-accretive commercial real estate. GuocoLand Malaysia is also involved in Property Investment and Hotel & Resort Holdings. It owns Thistle Johor Bahru Hotel and Thistle Port Dickson Resort.

With over 50 solid years of operations, GuocoLand Malaysia is committed to building and sustaining business and residential communities, as well as playing a key role in the development of the property industry in Malaysia.

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Corporate Information

DIRECTORS

YBhg Tan Sri Quek Leng Chan
Executive Chairman

Mr Yeow Wai Siaw
Managing Director

Mr Poh Yang Hong

YBhg Dato' Ong Joo Theam

Mr Tan Keok Yin

YBhg Dato' Chew Kong Seng

Mr Quek Chee Hoon

YBhg Tan Sri Nik Mohamed bin Nik Yaacob

SECRETARY

Ms Lim Yew Yoke

AUDITORS

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

REGISTRAR

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

REGISTERED OFFICE

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

Directors' Profile



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

Tan Sri Quek Leng Chan, aged 67, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom. He has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

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

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

Tan Sri Quek attended all the Board meetings of GLM held during the financial year ended 30 June 2010.

MR YEOW WAI SIAW
Managing Director/Non-Independent

Mr Yeow Wai Siaw, aged 45, a Malaysian, holds a MBA in Finance from the University of Hull, United Kingdom, a Mini-MBA from INSEAD and a Bachelor of Industrial Engineering from the University Technology of Malaysia. He has more than 20 years' working experience and has held key positions in various listed companies in Malaysia in the manufacturing and building industries. During his past career, he has also served as a management consultant in McKinsey & Company.

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

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

He did not attend any Board meetings of GLM held during the financial year ended 30 June 2010 as he was appointed to the Board on 16 June 2010.

MR POH YANG HONG

Non-Executive Director/Non-Independent

Mr Poh Yang Hong, aged 37, 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 relinquished office as the Managing Director of GLM with effect from 16 June 2010 but remains as a Director of GLM. He does not sit on any committees of GLM. He is currently the Managing Director of Corporate & Private Equity Department, Group Investment Office of HL Management Co Sdn Bhd.

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

He attended all the Board meetings of GLM held during the financial year ended 30 June 2010.

YBHG DATO' ONG JOO THEAM

Non-Executive Director/Non-Independent

Dato' Ong Joo Theam, aged 61, 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 attended all the Board meetings of GLM held during the financial year ended 30 June 2010.

Directors' Profile
cont'd

MR TAN KEOK YIN
Non-Executive Director/Independent

Mr Tan Keok Yin, aged 66, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya in 1966. He also completed a Management Programme at the University of California, Berkeley in 1984 and a Programme 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, an international body that develops and promotes the GS1 standards of article numbering, bar coding and electronic communication worldwide. Currently, Mr Tan serves as a member of the Steering Committee of the Financial Institutions Directors' Education Programme chaired by the Deputy Governor, BNM, aimed at strengthening the skills and performance of directors in corporate governance.

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.

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

He attended all the Board Meetings of GLM held during the financial year ended 30 June 2010.

YBHG DATO' CHEW KONG SENG
Non-Executive Director/Independent

Dato' Chew Kong Seng @ Chew Kong Huat, aged 72, a Malaysian, is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants.

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

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

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

He attended all the Board meetings of GLM held during the financial year ended 30 June 2010.

YBHG TAN SRI NIK MOHAMED BIN NIK YAACOB

Non-Executive Director/Independent

Tan Sri Nik Mohamed bin Nik Yaacob, aged 61, a Malaysian, holds a Diploma in Mechanical Engineering, a B.E. (Hons) Degree from Monash University and a Masters in Business Management from the Asian Institute of Management. He also completed the Advanced Management Programme at Harvard University in the United States.

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

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

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

He attended all the Board meetings of GLM held during the financial year ended 30 June 2010.

MR QUEK CHEE HOON

Non-Executive Director/Non-Independent

Mr Quek Chee Hoon, aged 57, a Singaporean, holds a Bachelor of Accountancy degree from the University of Singapore. He has 33 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 attended all the Board meetings of GLM held during the financial year ended 30 June 2010.

Notes:

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

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

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

Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that the Eighty-sixth 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, 13 October 2010 at 11.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2010.

2. To declare a final dividend of 4% less tax for the financial year ended 30 June 2010 to be paid on 3 November 2010 to members registered in the Record of Depositors on 20 October 2010.
   (Resolution 1)

3. To approve the payment of Director fees of RM261,644 for the financial year ended 30 June 2010, 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 Yeow Wai Siaw; ***(Resolution 3)***

   (b) YBhg Tan Sri Quek Leng Chan; and ***(Resolution 4)***

   (c) Mr Quek Chee Hoon. ***(Resolution 5)***

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

   "THAT YBhg Dato' Chew Kong Seng, a Director who retires in compliance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
   (Resolution 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 special businesses, to consider and, if thought fit, pass the following motions as Ordinary Resolutions:

   Authority To Directors To Issue Shares

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares

so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 8)

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

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(A) of the Company's Circular to Shareholders dated 21 September 2010, with HLCM and persons connected with HLCM provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

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

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

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

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

whichever is the earlier;

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

(Resolution 9)

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

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(B) of the Company's Circular to Shareholders dated 21 September 2010 (the "Circular"), with all the directors and major shareholders of the Company (as defined in the Circular) and persons connected with them provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

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

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

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

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

Notice of Annual General Meeting
cont'd

whichever is the earlier;

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

(Resolution 10)

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

"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as set out in paragraph 2.3(C) of the Company's Circular to Shareholders dated 21 September 2010, with Tower REIT provided that such transactions are undertaken in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year, including the types of recurrent transactions made and the names of the related parties involved and their relationship with the Company and/or its subsidiaries, are disclosed in the annual report of the Company;

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

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

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

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

whichever is the earlier;

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

(Resolution 11)

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:

(i) shares transferred into the depositor's securities account before 4.00 p.m. on 20 October 2010 in respect of ordinary transfers; and

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

By Order of the Board

LIM YEW YOKE
Secretary

Kuala Lumpur
21 September 2010

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 Resolution On Authority To Directors To Issue Shares**

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

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 14 October 2009 and which will lapse at the conclusion of the Eighty-sixth Annual General Meeting.

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

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

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

   Detailed information on the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 21 September 2010 which is despatched together with the Company's 2010 Annual Report.

Statement Accompanying Notice of Annual General Meeting

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

- Details of individuals who are standing for election as Directors

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

Board Audit & Risk Management Committee Report



CONSTITUTION

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

COMPOSITION

Mr Tan Keok Yin
Chairman, Independent Non-Executive Director

YBhg Dato' Chew Kong Seng
Independent Non-Executive Director

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

SECRETARY

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

TERMS OF REFERENCE

- To nominate and recommend for the approval of the Board of Directors ("Board"), a person or persons as external auditor(s).
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the 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.

Board Audit & Risk Management Committee Report
cont'd

TERMS OF REFERENCE *cont'd*

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

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

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

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

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

ACTIVITIES

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

During the financial year ended 30 June 2010, four (4) Committee meetings were held and all the meetings were attended by all the Committee members.

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

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

Board Audit & Risk Management Committee Report
cont'd

ACTIVITIES *cont'd*

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

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

INTERNAL AUDIT

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

The IA activities carried out during the financial year ended 30 June 2010 include, inter alia, the following:

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

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

The cost incurred by the IA Department for the financial year ended 30 June 2010 amounted to RM228,148.

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



Corporate Governance & Internal Control

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

~ Finance Committee on Corporate Governance

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

A. DIRECTORS

I The Board

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

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

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

II Board Balance

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

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

Corporate Governance & Internal Control cont'd

A. DIRECTORS *cont'd*

II Board Balance *cont'd*

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

III Board Meetings

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

The Board met four (4) times during the financial year ended 30 June 2010. Details of attendance of each director are disclosed in the Directors' Profile in the Annual Report. At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretary accordingly. Any director who has an interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meetings.

IV Supply of Information

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

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

V Appointments to the Board

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

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

Having reviewed the assessments in respect of the financial year ended 30 June 2010, the Board is satisfied that the Board and Board committee have continued to operate effectively in discharging their duties and responsibilities. The directors and Board committee members have also fulfilled their responsibilities as members of the Board and Board committee and are suitably qualified to hold their positions.

VI Re-appointment and Re-election

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

A. DIRECTORS *cont'd*

VI Re-appointment and Re-election *cont'd*

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

VII Training and Education

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

As part of the training programme for its directors, the Company 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 directors 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 2010, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any new or changes to the companies and other relevant legislation, rules and regulations from in-house professionals. The Company also organised an in-house programme for its directors and senior management.

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

During the financial year ended 30 June 2010, the directors of the Company, including members of the Board Audit & Risk Management Committee, attended the following training programmes, seminars, briefings and/or workshops:

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Corporate Governance Guide - Towards Boardroom Excellence
- Competency as the Backbone of Transformation
- SC - Bursa Corporate Governance Week 2010
- Financial Institutions Director Education Programme ("FIDE") Module 12 - Insurance Risk Management
- FIDE - Building the Audit Committee for Tomorrow
- FIDE - Managing Risks in Financial Institutions
- Handling Crises - Effective Communication
- Money in Islam Seminar
- Intellectual Capital Seminar
- International Conference on Gaza - Breaking the Siege
- Audit Committee Roundtable Conference by KPMG: Economic Downturn and Risk Oversight - Reassessing Risk in wake of Marketing Turmoil
- Ernst & Young Tax Seminar
- Briefing on FRSs 139 & 112
- Corporate Responsibility ("CR") Overview and identifying CR Risks & Opportunities for Companies

B. DIRECTORS' REMUNERATION

I Level and make-up of Remuneration

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

Corporate Governance & Internal Control
cont'd

B. DIRECTORS' REMUNERATION *cont'd*

I Level and make-up of Remuneration *cont'd*

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

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

II Procedure

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

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

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

III Disclosure

The aggregate remuneration of directors (including remuneration of an executive director appointed during the financial year and remuneration of an executive director who had relinquished his executive position during the financial year) for the financial year ended 30 June 2010 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	88,000	578,632	666,632
Non-Executive Directors	201,644	80,000	281,644

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

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	1	2
50,001 – 100,000	1	3
100,001 – 500,000	-	-
500,001 – 550,000	1	-

C. SHAREHOLDERS

I Dialogue between Companies and Investors

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

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

In addition, the Corporate Communication Senior Manager of the Company could provide shareholders and investors with a channel of communication in which they can provide feedback to the Group.

C. SHAREHOLDERS *cont'd*

I Dialogue between Companies and Investors *cont'd*

Queries may be conveyed to the following person:

Name	:	Keith Pereira
Tel	:	03-2164 7878
Fax	:	03-2164 2366
e-mail address	:	keith@guocoland.com.my

II AGM

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

D. ACCOUNTABILITY AND AUDIT

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

The Committee met four (4) times during the financial year ended 30 June 2010. All meetings were attended by all members of the Committee. The head of finance, head of internal audit, risk manager and Managing Director/Executive Director and senior management may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

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

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

I Financial Reporting

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

II Internal Control

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

III Relationship with Auditors

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

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

Corporate Governance & Internal Control
cont'd

D. ACCOUNTABILITY AND AUDIT *cont'd*

III Relationship with Auditors *cont'd*

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

E. STATEMENT ON INTERNAL CONTROL

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

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

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

The Board, in concurrence with the Committee, has appointed a 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 the adequacy of action plans and control systems developed to manage these risks;
- monitor the performance of management in executing the action plans and operating the control systems; and
- periodically report to the Committee on the state of internal controls and the management of risks throughout the Group.

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

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

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

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

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

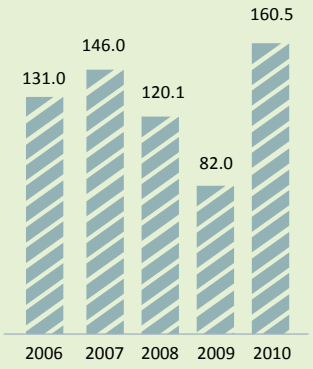
The directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2010, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting 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.

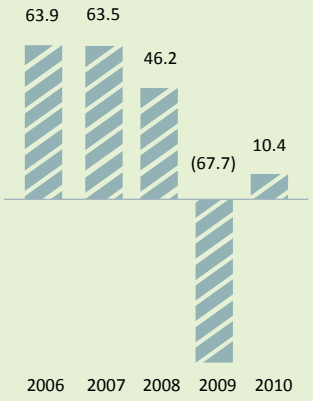
Group Financial Highlights

YEAR ENDED (RM MILLION)	JUNE 06	JUNE 07	JUNE 08	JUNE 09	JUNE 10
Revenue	131.0	146.0	120.1	82.0	**160.5**
Profit/(Loss) before taxation	63.9	63.5	46.2	(67.7)	**10.4**
Profit/(Loss) attributable to shareholders	50.8	49.5	41.2	(66.0)	**14.0**
Net earnings/(Loss) per share (sen)	7.3	7.4	6.2	(9.9)	**2.1**
Net dividend per share (sen)	1.4	1.5	1.5	1.5	**1.5**
Gross dividend per share (sen)	2.0	2.0	2.0	2.0	**2.0**
Shareholders' funds	773.0	812.6	845.0	768.7	**766.0**
Total assets	993.4	1,052.6	1,654.4	1,788.2	**1,716.0**

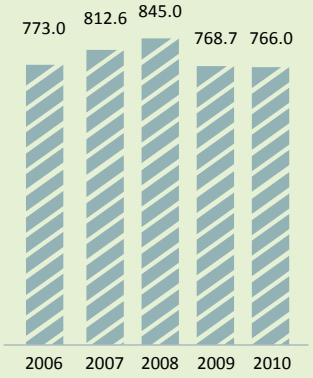
Revenue
RM Million



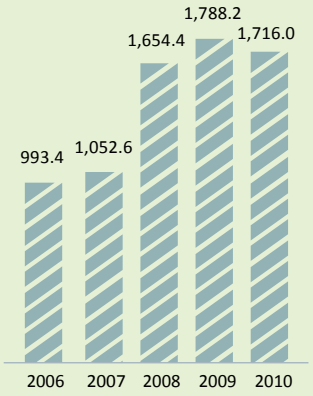
Profit/(Loss) before taxation
RM Million



Shareholders' Funds
RM Million



Total Assets
RM Million



Chairman's Statement



On behalf of the Board of Directors, I am pleased to present the Annual Report and audited financial statements of GuocoLand (Malaysia) Berhad ("GLM") Group for the financial year ended 30 June 2010.

OPERATING ENVIRONMENT

The world economy is still experiencing challenging times. While global financial markets have made an upswing towards the later part of 2009, uncertainties in the major economies could still potentially dampen growth prospects.

Notwithstanding the situation at the global level, the Malaysian economy showed improvement in the second half of 2009. The country's economy continued its upward trend in the first half of 2010 with the industry showing strong signs of recovery. The property market has been more vibrant especially in the residential sector, and property players are reigniting their launches as well as embarking on new ones. The signs of growing optimism and confidence amongst consumers and investors were also evident from the positive response to the various property launches.

OPERATING RESULTS

The improved operating environment as well as prudent investment and management decisions has enabled us to achieve a better financial performance from the previous year. With improved consumer and investor confidence in the property market, the Group had also seen a pick up in sales.

For the financial year under review, the Group recorded a profit before taxation of RM10.4 million, an improvement from the loss before taxation of RM67.7 million in the previous year. Revenue for the Group increased 96% to RM160.5 million, with property development contributing RM107.1 million or 67% of total revenue.

OPERATING RESULTS *cont'd*

With the re-opening of the Thistle hotels in Port Dickson and Johor Bahru respectively, hotel operations generated revenue of RM40.8 million compared to RM24.4 million in 2009 when they were closed for six months for their respective refurbishments.

PROSPECTS

We believe the Malaysian property market will continue its positive development and growth due to prevailing strong fundamentals and, more importantly, the country's continued resilience in challenging environments.

For the Group, we are optimistic that there will be better growth prospects and performance, especially with the positive progress of our key projects and the anticipated new launches over the next 12 months that will improve our property sales further and strenghten our position in the industry. While we will remain prudent in our endeavours, we will seize the opportunities in a better economic environment to add value to our stakeholders.

DIVIDEND

During the year, the Company paid a final dividend of 4% less tax at 25% amounting to approximately RM10.0 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 2010 of 4% less tax at 25% amounting to approximately RM10.0 million which is 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 sincere appreciation to Mr Poh Yang Hong for his services and contributions during his tenure as the Managing Director of the Company.

At the same time, I would like to welcome Mr Yeow Wai Siaw as the Managing Director with effect from 16 June 2010.

APPRECIATION

My sincere appreciation and gratitude goes to my colleagues on the Board for their endless support to the Group. Their experience, knowledge and advice have been valuable to management's decision-making and leadership.

Last but certainly not least, I would also like to take this opportunity 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 2010

Managing Director's Review

For the financial year under review, the Group recorded a profit before taxation of RM10.4 million on the back of revenue of RM160.5 million. Property development and hotel operations were the main contributors to the Group's revenue.

With the property industry continuing to show positive trends since the second half of 2009, the year 2010 had opened up opportunities for us to revitalise our plans and strategies in rolling out a number of key projects that will help to grow and strengthen our position going forward.

These projects include new phases at Emerald Rawang, a new office tower at Commerce One, our Kajang project, a condominium project at Bukit Rahman Putra and our flagship integrated project Damansara CITY. These projects are expected to provide healthy contribution to our future earnings.

PROPERTY DEVELOPMENT

RESIDENTIAL

Emerald, Rawang

Emerald Rawang is a masterplanned residential development on 1,000 acres of freehold land comprising link, cluster, semi-detached and bungalow homes. Emerald is easily accessible to the city and its nearby suburbs with just a short drive from Kuala Lumpur via the North-South Highway. Emerald is made up of two precincts – Emerald East and Emerald West – with a bridge linking both. To date, approximately 1,300 homes have been built and sold.



ARTIST'S IMPRESSION OF THE PARK CONCEPT AT EBONY PARKHOMES



MATURED TREE LINES AT EMERALD WEST



AN EMERALD WEST HOME


ARTIST'S IMPRESSION OF THE AMBERLEY SEMI-DETACHED HOME


ARTIST'S IMPRESSION OF EMERALD CHINESE SCHOOL


THE 9-HOLE EMERALD GOLF COURSE

PROPERTY DEVELOPMENT *cont'd*

RESIDENTIAL *cont'd*

Emerald, Rawang *cont'd*

Emerald's latest phase, Ebony Parkhomes, was launched in April 2010 with an encouraging response. Ebony Parkhomes comprise double storey link homes with refined specifications. A total of 109 units are being planned within the Emerald West precinct. As at June 2010, 70% of Ebony Parkhomes have been taken up.

In the next few months, we plan to launch our semi-detached homes at Emerald West, as well as bungalows at Emerald East, thus adding more variety to the existing myriad of homes available and enhancing the value of the overall township.

A key feature of Emerald is its Ronald Fream-designed 9-hole golf course, which has been recently opened for play. Located at Emerald West, the course has been designed with the intention to attract junior golfers due to its physically less demanding course style, and ensure that juniors get priority. Todate, a number of Junior Golf Academies have already utilised the course for junior tournaments.

Emerald Rawang will also see the construction of a Chinese primary school soon. Upon completion, the new school will have 36 classrooms to accommodate 2,000 students as well as various educational facilities including an administration block. SRJK (C) Emerald is one of the three new schools nationwide approved by the Ministry of Education.

These developments in the coming months signify the continuing steady growth and progress of the Emerald township.

Managing Director's Review
cont'd

PROPERTY DEVELOPMENT *cont'd*

RESIDENTIAL *cont'd*

The Cirrus, Cheras

The Cirrus Cheras is located in a matured residential neighbourhood on the outskirts of Kuala Lumpur city, close to shopping amenities, educational facilities and is well served by major highways.

Six of the seven completed bungalow units with floor space ranging from 4,600 to 6,500 square feet have been sold. Plans to launch the next phase comprising semi-detached units and bungalows are currently in progress.


COMPLETED BUNGALOWS AT THE CIRRUS CHERAS





Bungalows at Kajang

Our Kajang development is situated on 8.76 acres of land located in the south of Cheras and next to Saujana Impian Golf Course. This future guarded development will showcase 36 exclusive bungalows featuring contemporary architecture with classic interior design. Every bungalow comes with generous floor space, multiple living areas and outdoor space for landscaped gardens with the flexibility of future additions to the home. Easily accessible via the KL-Seremban and Cheras-Kajang highways, it is also located close to two hypermarkets, namely Tesco and Giant, as well as other urban amenities.


INTERIOR DESIGN IDEAS FOR BUNGALOWS AT KAJANG



ARTIST'S IMPRESSION OF THE BUKIT RAHMAN PUTRA CONDOMINIUM

PROPERTY DEVELOPMENT *cont'd*

RESIDENTIAL *cont'd*

Condominium at Bukit Rahman Putra

With its successful developments at Bukit Rahman Putra, including our Notting Hill bungalows, the Group will now be embarking on a high-rise residential project dubbed Phase 8D. To be built over an acre of freehold land, the proposed condominium with a modern tropical theme will comprise apartments with built up areas ranging from 1,500 to 3,500 square feet, catering for families wanting a condominium lifestyle with complete condo amenities.

Located next to the popular Kelab Rahman Putra and with easy access to the city via the North-South Highway, this medium high-end project will be surrounded by a matured park environment, while most of the larger units will have stunning views of the golf course.

This project is targeted to be launched in early 2011.

Managing Director's Review
cont'd

PROPERTY DEVELOPMENT *cont'd*

COMMERCIAL

Damansara CITY, Damansara Heights

Damansara CITY is the Group's flagship development located in the prime commercial and residential district of Damansara Heights. This integrated project will feature 2.2 million square feet of luxury residential space, office towers and a lifestyle retail mall on a freehold 8.5-acre site. Damasara CITY is bounded by the equally upmarket areas of Bangsar and Bukit Kiara, and enjoys easy access into the city centre via arterial roads and the Sprint Expressway.

Damansara CITY's value proposition is reflected by its integrated, self-sustaining concept as well as its prime location.



ARTIST'S IMPRESSIONS OF DAMANSARA CITY







ARTIST'S IMPRESSION OF COMMERCE ONE OFFICE TOWER





COMPLETED SHOP OFFICES AT COMMERCE ONE

PROPERTY DEVELOPMENT *cont'd*

COMMERCIAL *cont'd*

Commerce One, Old Klang Road

The attraction of Commerce One lies on its superior location offering exceptionally high visibility along the main arterial Old Klang Road.

A commercial hub comprising one block of 5-storey shop offices and a single block of office suites, Commerce One is set to change the business landscape of this vibrant destination. It is also in close proximity to Mid Valley and the city centre and allows its many road users unobstructed views of businesses within the development.

Todate, the 5-storey shop offices have been fully completed and sold, with buyers comprising both end-users as well as investors. The 22-storey office tower at Commerce One will be launched in the second half of this year.

Managing Director's Review
cont'd

PROPERTY INVESTMENT

TOWER REAL ESTATE INVESTMENT TRUST

GuocoLand (Malaysia) Berhad ("GLM") established Tower Real Estate Investment Trust ("Tower REIT"), which has been listed on the Main Market of Bursa Malaysia Securities Berhad since 12 April 2006. GLM REIT Management Sdn Bhd ("GLM REIT"), a wholly-owned subsidiary of GLM, is the manager of Tower REIT.

Tower REIT is a premier office REIT in Malaysia with a growth strategy emphasising on value and focusing on prime office buildings in Malaysia, while seeking good quality and yield accretive assets within the growth area of the Klang Valley. As the Manager for the Trust, GLM REIT proactively manages existing properties under its portfolio to further enhance the value for unitholders, and continues to actively explore acquisition opportunities.

Since its inception, Tower REIT's underlying assets portfolio has continued to perform well, registering consistent growth in distribution per unit and net asset value. The proactive strategies employed by GLM REIT coupled with the organic growth of its underlying assets portfolio have delivered steady growth and predictable distribution to unitholders.

As at 30 June 2010, Tower REIT has a gross asset value of approximately RM596 million comprising three prime freehold commercial office buildings. Menara HLA and Menara ING are located within the Kuala Lumpur Golden Triangle, while HP Towers is within the prime Damansara Heights area. The total net lettable area for all three buildings is approximately 900,000 square feet.


MENARA HLA



MENARA ING



HP TOWERS


THISTLE PORT DICKSON RESORT


THISTLE PD RESORT LOBBY


CUMULUS LOUNGE

HOTELS

With the refurbishments of both hotels into the fully rebranded Thistle Port Dickson Resort and Thistle Johor Bahru respectively, the Group has begun its journey to reinforce its hotel and leisure business, with both currently contributing to the regeneration of the localities.

Thistle Port Dickson Resort

Thistle Port Dickson Resort is just an hour's drive away from Kuala Lumpur and offers 251 bedrooms set upon 90 acres of stunning green resort space. The beach hotel boasts an ocean lawn which can accommodate 2,000 guests, a spacious ballroom, two fully floodlit tennis courts, three restaurants, two bars and three outdoor swimming pools including an infinity pool ideally located by the beach, with breathtaking views out over the sea.

With its excellent facilities, Thistle Port Dickson Resort continues to attract international markets. It also aims to attract more leisure and MICE ("Meetings, Incentives, Conventions & Exhibitions") markets from around the world.

In the third quarter of 2010, the Resort will embark on the second phase of upgrading works, which will include a new spa, upgrading of the 9-hole golf course as well as refurbishments of the standard rooms.

Managing Director's Review
cont'd

HOTELS *cont'd*

Thistle Johor Bahru

Thistle Johor Bahru re-opened its doors in July 2009 as the second Asian Thistle property. Located in one of Malaysia's most important commercial cities, this luxurious yet affordable hotel caters primarily to business travellers supporting inward investments to the area especially with its prime location at the gateway to Singapore.

The hotel offers 380 bedrooms including 125 luxury rooms, two restaurants, two bars, a large events space with a capacity for 650 guests and an outdoor swimming pool. For its long-term guests, the hotel also has 19 units of apartments for rent.


THISTLE JOHOR BAHRU



OASIS DINING


THISTLE JB APARTMENT LOUNGE

ACKNOWLEDEGMENT

On behalf of the Board of Directors, I thank my colleagues for their support, dedication and commitment to the Group, and we look forward to another year of their valuable contributions towards our growth.

To our key stakeholders, in particular, our valued customers, business partners, government and regulatory authorities, thank you for your support for the Group throughout the years.

YEOW WAI SIAW
Managing Director

20 August 2010

Corporate Social Responsibility







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

- Public communications, like financial reports contain disclosures that are fair, accurate, timely and understandable.

- In choosing its directors, the Group seeks individuals of high integrity, have shareholder orientation and a genuine interest in their respective company's businesses. They are tasked with the responsibility of exercising their business judgement to act in what they reasonably believe to be in the best interest of the company and the shareholders they represent.

- The strict practice of responsible selling and marketing of products and services, in a global market that is increasingly becoming even more aggressive and competitive.

Corporate Social Responsibility
cont'd

SOCIAL SUSTAINABILITY

Employee Development and Welfare

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

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. Employee advancement is based on merit and we believe that it is this variety of persuasions and cultures that fuel creativity, entrepreneurship and openness.

The Group also actively promotes work-life balance through various sports, family and social 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 Safety and Health management practices. Environmental management programmes such as recycling campaigns, air pollution controls and waste management programmes are continuously deployed to achieve the Group's objectives.

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

Earth Hour, a global event where households and businesses are encouraged to turn off non-essential lights and other electrical appliances for one hour to raise awareness towards the need to take action on climate change, was observed by the Group.

Organised by the World Wildlife Fund, Earth Hour was conceived in Sydney in 2007. Since then, many other cities around the world adopted the event in 2008, and is now held on the last Saturday of March annually. By doing its part, the Group supported this global effort to help make a difference.













COMMUNITY INVESTMENT

The Group conducts most of its philanthropic activities through Hong Leong Foundation, the charitable arm of the Hong Leong Group. Since its incorporation in 1992, the Foundation's programmes have been funded by the Group companies' contributions. 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.

Scholarship

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

Over 1.5 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 employees. Both grants for the public and Group employees' children are unconditional – they do not carry any repayment requirement nor are the recipients bonded to work for the Group upon graduation.

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 put this educational opportunity into best use. 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 sponsored thousands of underprivileged school children nationwide in the form of distribution of free school bags, books, uniforms, stationeries, dictionaries, bicycles, tuition, transportation fees and others.

Corporate Social Responsibility
cont'd

COMMUNITY INVESTMENT *cont'd*

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 various academic and vocational training institutions nationwide with thousands of students benefiting from the improved and/or added facilities.

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 sponsorships in cash and kind, 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 NGOs are also able to run their various training programmes more efficiently with better infrastructure, facilities and equipment sponsored by the Foundation.

The Foundation has made substantial donations to many charities over the years. In this fiscal year alone, to name a few, Vinashini Home, Seremban, Little Sister of the Poor, Kuala Lumpur, Education, Welfare, Research Foundation, Science of Life 24/7, Malacca, Persatuan Kanak Kanak Cerebal Palsy (Spastik) Pulau Pinang, Pusat Jagaan Nur Salam, Persatuan Daybreak Perak, Sunflower Centre Sarawak and Sabah Cheshire Home.

During the Ramadan month in 2009, the Group treated the orphans of Pertubuhan Kebajikan Ehsan Ash-Shakur (PEKEAS), based in Bandar Tasek Puteri, Rawang. A total of 42 children from the ages of 2 to 21 were invited to the Emerald sales gallery for a *Majlis Berbuka Puasa. Duit Raya* was also presented to the children of PEKEAS, as well as a small donation to the home to go towards any assistance required. Supporting surrounding communities in need, especially in the Rawang area, will continuously be on the agenda in our commitment to give back to society.

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 Ray of Hope and The Community Service Centre for the Deaf, Kuala Lumpur.

Apart from activities carried out by the Foundation, Group companies have staged their own activities in numerous communities nationwide. The Group's employees have regularly participated in community services.

An inaugural carnival themed "Colourful You, Colourful Me" for underprivileged children from various children's shelter was also held this year in conjunction with the Chinese New Year. Various Group employees worked together to create an exciting and fun-filled morning for about 350 children.

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

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year	**10,693**	**6,390**
Attributable to:		
Equity holders of the Company	**13,964**	**6,390**
Minority interests	**(3,271)**	**-**
	10,693	**6,390**

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 and Note 26 to the financial statements.

DIVIDEND

The dividend paid by the Company since 30 June 2009 was as follows:

	RM'000
In respect of the financial year ended 30 June 2009:	
Final dividend of 2 sen per share less 25% taxation, on 669,880,418 (net of ESOS Trust shares) ordinary shares of RM0.50 each, paid on 3 November 2009	**10,048**

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2010, of 2 sen per share less 25% taxation on 669,880,418 (net of ESOS Trust shares) ordinary shares of RM0.50 each, amounting to a dividend payable of RM10,048,206 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2011.

Directors' Report
cont'd

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

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

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

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

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

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

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

4. The option price shall not be at a discount of more than ten 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, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the ESOS ("ESOS Trust"); or a combination of both new shares and existing shares.

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

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

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

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

(i) Options under the Scheme

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

(ii) Maximum Allowable Allotment

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

(iii) Modification/Variation to the Scheme

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

(iv) Governing Regulations

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

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

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

DIRECTORS

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

YBhg Tan Sri Quek Leng Chan *(Executive Chairman)*
Mr Yeow Wai Siaw *(Managing Director; appointed on 16 June 2010)*
Mr Poh Yang Hong *(Relinquished office as the Managing Director on 16 June 2010 but remains as a Director)*
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

Directors' Report
cont'd

DIRECTORS *cont'd*

In accordance with Article 94 of the Company's Articles of Association, Mr Yeow Wai Siaw retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 115 of the Company's Articles of Association, YBhg Tan Sri Quek Leng Chan and Mr Quek Chee Hoon retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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

DIRECTORS' INTERESTS

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

		Shareholdings in which directors have direct interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds			
	Nominal value per share RM	As at 1.7.2009	Acquired	Sold	As at 30.6.2010
Interests of YBhg Tan Sri Quek Leng Chan in:					
GuocoLand (Malaysia) Berhad	0.50	19,506,780	-	-	**19,506,780**
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	**390,000**
Guoco Group Limited	US$0.50	1,656,325	-	(600,000)	**1,056,325**
GuocoLand Limited	(4)	20,062,965	-	(10,062,965)	**10,000,000**
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)(9)	**-**
Narra Industries Berhad	1.00	8,150,200	-	-	**8,150,200**
GuocoLeisure Limited	US$0.20	735,000	-	-	**735,000**

DIRECTORS' INTERESTS *cont'd*

		Shareholdings in which directors have direct interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds			
	Nominal value per share RM	**As at 1.7.2009**	**Acquired**	**Sold**	**As at 30.6.2010**
Interests of Mr Poh Yang Hong in:					
GuocoLand (Malaysia) Berhad	0.50	4,553,700	-	-	**4,553,700**
Hong Leong Bank Berhad	1.00	50,000	-	(50,000)	**-**
Hong Leong Financial Group Berhad	1.00	4,004,800	200,000	-	**4,204,800**
Hume Industries (Malaysia) Berhad	1.00	318,600	-	(96,300) (222,300) [9]	**-**
Hong Leong Industries Berhad	0.50	39,100	-	-	**39,100**
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 Quek Chee Hoon in:					
GuocoLand Limited	[4]	12,849,449	3,699,150 [12]	-	**16,548,599**
		15,081,150 *	-	(3,699,150) *[12]	**11,382,000 ***

Directors' Report
cont'd

DIRECTORS' INTERESTS *cont'd*

		Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds			
	Nominal value per share RM	**As at 1.7.2009**	**Acquired**	**Sold**	**As at 30.6.2010**
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	13,019,100	-	-	**13,019,100**
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000	600,000	-	**2,000,000** (5)
Guoco Group Limited	US$0.50	235,198,529	600,000	-	**235,798,529**
GuocoLand Limited	(4)	579,024,320	55,108,954 (7)	(20,000,000)	**614,133,274** (7)
		20,973,293 *	817,139 *	(13,328,486) *(8)	**8,461,946 ***
First Garden Development Pte Ltd	(4)	63,000,000	-	-	**63,000,000**
Sanctuary Land Pte Ltd	(4)	90,000	-	-	**90,000**
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	2,400,000	-	**250,000,000** (5)
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**

DIRECTORS' INTERESTS *cont'd*

	Nominal value per share RM	As at 1.7.2009	Acquired	Sold	As at 30.6.2010
	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds				
Interests of YBhg Tan Sri Quek Leng Chan in: *cont'd*					
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**
M.C. Packaging Offshore Limited	HK$0.01	812,695	-	-	**812,695**
Guangzhou Lam Soon Food Products Limited	(3)	6,570,000	-	-	**6,570,000**
Hong Leong Financial Group Berhad	1.00	824,437,300 2,500,000 *(6)	- -	- (375,000) *(11)	**824,437,300** **2,125,000 *(6)**
HLG Capital Berhad	1.00	92,590,545	107,072,682	(4,400,000)	**195,263,227**
Hong Leong Bank Berhad	1.00	965,745,100	1,994,500	-	**967,739,600**
Hong Leong Tokio Marine Takaful Berhad	1.00	65,000,000	-	-	**65,000,000**
Hong Leong Industries Berhad	0.50	195,413,037 (7)	2,856,800	-	**198,269,837 (7)**
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	7,934,247	-	-	**7,934,247**
Malaysian Pacific Industries Berhad	0.50	127,683,309	5,917,700	-	**133,601,009**
Carter Realty Sdn Bhd	1.00	7	-	-	**7**

Directors' Report
cont'd

DIRECTORS' INTERESTS *cont'd*

	Nominal value per share RM	Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds As at 1.7.2009	Acquired	Sold	As at 30.6.2010
Interests of YBhg Tan Sri Quek Leng Chan in: *cont'd*					
Carsem (M) Sdn Bhd					
- Ordinary shares	1.00	84,000,000	-	-	**84,000,000**
- Redeemable preference shares	100.00	22,400	-	-	**22,400**
Hume Industries (Malaysia) Berhad	1.00	121,881,628	183,278,071 (10)	(122,216,828) (9)	**182,942,871** (5)
Narra Industries Berhad	1.00	38,314,000	-	-	**38,314,000**
GuocoLand (Malaysia) Berhad	0.50	466,555,616 (7)	-	-	**466,555,616** (7)
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	277,000,000	-	-	**277,000,000**
JB Parade Sdn Bhd					
- Ordinary shares	1.00	28,000,000	-	-	**28,000,000**
- Redeemable preference shares	0.01	68,594,000	-	-	**68,594,000**
GuocoLeisure Limited	US$0.20	779,248,202	128,561,223	-	**907,809,425**
Bondway Properties Limited (In members' voluntary liquidation)					
- Ordinary voting shares	GBP1.00	1,134,215	-	-	**1,134,215**
- Ordinary non-voting shares	GBP1.00	10,332	-	-	**10,332**
Interest of Mr Quek Chee Hoon in:					
GuocoLand (Malaysia) Berhad	0.50	1,000,000 (6)	-	-	**1,000,000** (6)

DIRECTORS' INTERESTS *cont'd*

		Shareholdings in which directors have indirect interests Number of ordinary shares/preference shares or *shares issued or to be issued or acquired arising from the exercise of options/convertible bonds			
	Nominal value per share RM	As at 1.7.2009	Acquired	Sold	As at 30.6.2010
Interests of Mr Poh Yang Hong in:					
Hong Leong Bank Berhad	1.00	-	50,000	(35,000)	**15,000**
GuocoLand Limited	(4)	-	777,000	-	**777,000**
GuocoLeisure Limited	(4)	12,354,000	723,000	(13,077,000)	**-**

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) Became a wholly-owned subsidiary during the financial year

(6) Shares held by spouse or children who are not Directors of the Company

(7) Inclusive of shares held by children who are not Directors of the Company

(8) Inclusive of redemption and cancellation of convertible bonds

(9) Acceptance of voluntary take-over offer

(10) Inclusive of acceptances received for shares in respect of voluntary take-over offer

(11) Share options lapsed

(12) Exercise of share options

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

DIRECTORS' BENEFITS

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

Directors' Report
cont'd

DIRECTORS' BENEFITS *cont'd*

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 38 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

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

  (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; 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.

(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.

OTHER STATUTORY INFORMATION *cont'd*

(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 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.

YEOW WAI SIAW **TAN KEOK YIN**

Kuala Lumpur
20 August 2010

Balance Sheets
as at 30 June 2010

	Note	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	**352,672**	357,510	**515**	308
Investment properties	4	**107,000**	107,000	**-**	-
Land held for property development	5	**63,724**	62,160	**-**	-
Investments in subsidiaries	6	**-**	-	**545,411**	514,061
Investments in associates	7	**93,665**	92,970	**-**	-
Investments in jointly controlled entities	8	**307,534**	315,632	**56,000**	56,000
Investments	9	**4,989**	5,397	**-**	-
Goodwill on consolidation	10	**15,915**	17,732	**-**	-
Deferred tax assets	11	**2,246**	1,186	**-**	-
Leasehold land use right	12	**4,347**	4,402	**-**	-
		952,092	963,989	**601,926**	570,369
CURRENT ASSETS					
Inventories	13	**471,283**	520,646	**-**	-
Due from contract customers	14	**280**	733	**-**	-
Property development costs	15	**219,967**	223,825	**-**	-
Trade and other receivables	16	**44,570**	48,358	**231,709**	232,270
Tax recoverable		**2,761**	4,863	**1,610**	2,235
Deposits, cash and bank balances	17	**25,038**	25,828	**86**	792
		763,899	824,253	**233,405**	235,297
TOTAL ASSETS		**1,715,991**	1,788,242	**835,331**	805,666

Balance Sheets as at 30 June 2010 cont'd

	Note	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 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	**439,649**	442,336	**155,384**	159,042
Equity funds		**789,878**	792,565	**505,613**	509,271
Shares held by ESOS Trust	20	**(23,883)**	(23,883)	**(23,883)**	(23,883)
		765,995	768,682	**481,730**	485,388
Minority interests		**76,387**	74,604	**-**	-
TOTAL EQUITY		**842,382**	843,286	**481,730**	485,388
NON-CURRENT LIABILITIES					
Due to subsidiaries	21	**-**	-	**136,207**	96,056
Long term borrowings	22	**224,147**	493,414	**7,000**	4,000
Deferred tax liabilities	11	**16,479**	18,300	**-**	-
		240,626	511,714	**143,207**	100,056
CURRENT LIABILITIES					
Trade and other payables	23	**77,393**	116,778	**44,775**	53,822
Short term borrowings	24	**555,590**	315,400	**165,619**	166,400
Provision for taxation		**-**	1,064	**-**	-
		632,983	433,242	**210,394**	220,222
TOTAL LIABILITIES		**873,609**	944,956	**353,601**	320,278
TOTAL EQUITY AND LIABILITIES		**1,715,991**	1,788,242	**835,331**	805,666

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

Income Statements

for the financial year ended 30 June 2010

	Note	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Revenue	25	**160,521**	82,011	**10,385**	14,889
Profit/(loss) from operations	26	**22,371**	(66,475)	**5,535**	9,560
Interest income	27	**231**	563	**10,397**	7,104
Finance costs	28	**(23,456)**	(9,040)	**(8,684)**	(8,465)
Share of profit/(loss) in					
- Associates	7	**6,378**	13,516	**-**	-
- Jointly controlled entities	8	**4,847**	(6,259)	**-**	-
Profit/(loss) before taxation		**10,371**	(67,695)	**7,248**	8,199
Taxation	29	**322**	(1,207)	**(858)**	(6)
Profit/(loss) for the year		**10,693**	(68,902)	**6,390**	8,193
Attributable to:					
Equity holders of the Company		**13,964**	(66,045)	**6,390**	8,193
Minority interests		**(3,271)**	(2,857)	**-**	-
Profit/(loss) for the year		**10,693**	(68,902)	**6,390**	8,193
Earnings/(loss) per share (sen)	30	**2.08**	(9.90)		
Net dividends per share (sen)	31	**1.50**	1.50		

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

Statements of Changes in Equity

for the financial year ended 30 June 2010

		Attributable to Equity Holders of the Company						Minority Interests	Total Equity
		Non-Distributable				Distributable			
	Note	Share capital (Note 18) RM'000	Share premium (Note 19) RM'000	Exchange reserve (Note 19) RM'000	Shares held by ESOS Trust (Note 20) RM'000	Retained profits (Note 19) RM'000	Total RM'000	RM'000	RM'000
GROUP									
At 1 July 2008		350,229	35,089	6,338	(23,658)	477,022	845,020	77,468	922,488
Net loss not recognised in the income statement									
- translation of foreign subsidiaries		-	-	(20)	-	-	(20)	(7)	(27)
Purchase during the year by ESOS Trust		-	-	-	(225)	-	(225)	-	(225)
Loss for the year		-	-	-	-	(66,045)	(66,045)	(2,857)	(68,902)
Dividend paid	31	-	-	-	-	(10,048)	(10,048)	-	(10,048)
At 30 June 2009		**350,229**	**35,089**	**6,318**	**(23,883)**	**400,929**	**768,682**	**74,604**	**843,286**
Net loss not recognised in the income statement									
- Share of associates' capital and other reserves movement		**-**	**-**	**-**	**-**	**(285)**	**(285)**	**-**	**(285)**
Realisation of exchange reserve upon dissolution of a subsidiary		**-**	**-**	**(6,318)**	**-**	**-**	**(6,318)**	**5,054**	**(1,264)**
Profit for the year		**-**	**-**	**-**	**-**	**13,964**	**13,964**	**(3,271)**	**10,693**
Dividend paid	31	**-**	**-**	**-**	**-**	**(10,048)**	**(10,048)**	**-**	**(10,048)**
At 30 June 2010		**350,229**	**35,089**	**-**	**(23,883)**	**404,560**	**765,995**	**76,387**	**842,382**

Statements of Changes in Equity
for the financial year ended 30 June 2010
cont'd

		Non-Distributable				Distributable	
	Note	Share capital (Note 18) RM'000	Share premium (Note 19) RM'000	Merger reserve (Note 19) RM'000	Shares held by ESOS Trust (Note 20) RM'000	Retained profits (Note 19) RM'000	Total RM'000
COMPANY							
At 1 July 2008		350,229	35,089	68,219	(23,658)	57,589	487,468
Profit for the year		-	-	-	-	8,193	8,193
Purchase during the year by ESOS Trust		-	-	-	(225)	-	(225)
Dividend paid	31	-	-	-	-	(10,048)	(10,048)
At 30 June 2009		**350,229**	**35,089**	**68,219**	**(23,883)**	**55,734**	**485,388**
Profit for the year		**-**	**-**	**-**	**-**	**6,390**	**6,390**
Dividend paid	31	**-**	**-**	**-**	**-**	**(10,048)**	**(10,048)**
At 30 June 2010		**350,229**	**35,089**	**68,219**	**(23,883)**	**52,076**	**481,730**

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

Cash Flow Statements

for the financial year ended 30 June 2010

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	**10,371**	(67,695)	**7,248**	8,199
Adjustments for:				
Amortisation of leasehold land use right	**55**	57	**-**	-
Depreciation of property, plant and equipment	**9,291**	4,177	**160**	109
Gain on disposal of a jointly controlled entity	**(22,712)**	-	**-**	-
Gain on disposal of property, plant and equipment	**(7)**	(195)	**-**	-
Gain on dissolution of a subsidiary	**(1,264)**	-	**-**	-
Provision for foreseeable loss in land and development	**-**	28,615	**-**	-
Impairment loss on property development costs	**-**	26,922	**-**	-
Interest expense	**23,456**	9,040	**8,684**	8,465
Reversal of goodwill	**1,817**	-	**-**	-
Allowance for doubtful debts, net	**2,141**	22	**-**	-
Impairment loss on non-current investments	**408**	624	**-**	-
Property, plant and equipment written off	**3,985**	5	**-**	5
Share of profit in associates	**(6,378)**	(13,516)	**-**	-
Share of (profit)/loss in jointly controlled entities	**(4,847)**	6,259	**-**	-
Elimination of unrealised profit arising from transactions with jointly controlled entities	**653**	-	**-**	-
Dividend income	**-**	(316)	**(9,250)**	(14,053)
Interest income	**(231)**	(563)	**(10,397)**	(7,104)
Operating profit/(loss) before working capital changes	**16,738**	(6,564)	**(3,555)**	(4,379)
Working capital changes:				
Inventories	**49,363**	(127,978)	**-**	-
Receivables	**6,576**	6,506	**(23)**	-
Property development costs	**6,772**	(2,446)	**-**	-
Payables	**(40,081)**	1,808	**357**	37
Associates balances	**2**	-	**-**	-
Jointly controlled entities balances	**(5,097)**	(5,705)	**(179)**	(150)
Inter-company balances	**-**	-	**12,129**	(12,874)
Related company balances	**1,315**	6,989	**81**	(497)
Land held for property development	**(1,564)**	(2,255)	**-**	-
Cash generated from/(used in) operations carried forward	**34,024**	(129,645)	**8,810**	(17,863)

Cash Flow Statements
for the financial year ended 30 June 2010
cont'd

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES *cont'd*				
Cash generated from/(used in) operations brought forward	**34,024**	(129,645)	**8,810**	(17,863)
Interest paid	**(28,429)**	(30,204)	**(8,684)**	(8,465)
Tax (paid)/refunded	**(1,521)**	(3,693)	**(233)**	812
Net cash generated from/(used in) operating activities	**4,074**	(163,542)	**(107)**	(25,516)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	**(6,410)**	(57,546)	**(367)**	(142)
Acquisitions of additional interest in an associate	**(213)**	-	**-**	-
Additional investments in subsidiaries	**-**	-	**(2,800)**	-
Dividend income from an associate	**5,611**	5,238	**-**	-
Other dividend income	**-**	316	**-**	-
Acquisition of subsidiary, net of cash acquired (Note 6)	**-**	(192)	**-**	(1,820)
Proceeds from disposals of:				
- a jointly controlled entity	**35,004**	-	**-**	-
- property, plant and equipment	**38**	329	**-**	-
Interest received	**231**	563	**10,397**	7,104
Net cash generated from/(used in) investing activities	**34,261**	(51,292)	**7,230**	5,142
CASH FLOWS FROM FINANCING ACTIVITIES				
Purchase of shares held by ESOS Trust	**-**	(225)	**-**	(225)
Bank borrowings drawdown	**84,176**	247,201	**60,000**	80,800
Repayment of bank borrowings	**(118,313)**	(66,950)	**(60,600)**	(51,000)
Dividend paid	**(10,048)**	(10,048)	**(10,048)**	(10,048)
Net cash (used in)/generated from financing activities	**(44,185)**	169,978	**(10,648)**	19,527

Cash Flow Statements
for the financial year ended 30 June 2010
cont'd

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,850)**	(44,856)	**(3,525)**	(847)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**20,571**	65,427	**(308)**	539
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note a)	**14,721**	20,571	**(3,833)**	(308)

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

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks (Note 17)	**7,281**	11,783	**-**	-
Cash and bank balances (Note 17)	**17,757**	14,045	**86**	792
	25,038	25,828	**86**	792
Bank overdrafts (Note 24)	**(10,317)**	(5,257)	**(3,919)**	(1,100)
	14,721	20,571	**(3,833)**	(308)

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

Notes to the Financial Statements
30 June 2010

1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 August 2010.

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.

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 income statement.

(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.

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

Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries, 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 subsidiaries continue to be consolidated using the merger method of accounting. In the Company's separate financial statements, the cost of investment in subsidiaries continues to be stated at the nominal value of the shares issued as consideration as the fair value of the shares at their respective dates of acquisition could not be determined with reasonable certainty.

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

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

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

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

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.

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(b) Associates cont'd

Investment in associates are accounted for in the consolidated financial statements using the equity method of accounting. 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 income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

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.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, 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.

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

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

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

(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, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(c) Jointly Controlled Entities cont'd

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 income statement.

(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.

(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.

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(e) Property, Plant and Equipment and Depreciation cont'd

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under development are also not depreciated as these assets are not 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	2%
Building service plant and equipment	10% - 33%
Furniture and fittings	5% - 10%
Motor vehicles	20%

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

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

(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 income statement in the year in which they arise.

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

(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.

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 cont'd

(i) Land Held for Property Development cont'd

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.

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

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

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within 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 using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs.

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

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(h) Construction Contracts cont'd

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

(i) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets, other than investment properties, 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 or 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 income statement 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 income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(j) Inventories

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

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

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

Properties held for sale are stated at lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

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

(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 income statement.

(iii) 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.

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(k) Financial Instruments cont'd

(iv) Payables

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

(v) 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.

(vi) 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 income statement 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(m) Income Tax cont'd

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

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.

(o) Employees Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

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

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(o) Employees Benefits cont'd

(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 and 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 year 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 are taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in income statement. 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 income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Notes to the Financial Statements
30 June 2010
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 income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(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	2010 RM	2009 RM
Great Britain Pounds	**4.86**	5.89
Philippine Peso	**0.07**	0.07

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(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).

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

(vi) Hotel Income

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

(vii) 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.

(viii) Management Fee Income

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

(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. 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 purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an 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. Any initial direct costs are also added to the carrying amount of such assets.

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.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(e).

(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 provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

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 right and are amortised on a straight-line basis over the lease term.

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

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of Significant Accounting Policies *cont'd*

***(r) Lease** cont'd*

(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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.3 Change in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the estimated remaining useful lives of the hotel buildings to 50 years with effect from 1 July 2009. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been increased by RM2,085,000.

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.

(i) Classification between Investment Properties and Property, Plant and Equipment

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

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

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

(ii) Operating Lease Commitments – the Group as Lessor

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Significant Accounting Estimates and Judgements *cont'd*

(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 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.

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

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

During the financial year, the Group has not recognised any impairment losses and provision for foreseeables loss. In the previous financial year, the Group had recognised impairment losses and provision for foreseeable loss of RM26,922,000 and RM28,615,000 respectively. Details are provided in Notes 15 and 23.

(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.

Notes to the Financial Statements
30 June 2010
cont'd

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) Unsold Property Inventories

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

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

Details of property inventories are disclosed in Note 13 to the financial statements.

2.5 Standards and Interpretations Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs and Interpretations, amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.5 Standards and Interpretations Issued But Not Yet Effective *cont'd*

Effective for financial periods beginning on or after 1 March 2010

- Amendment to FRS 132: Financial Instruments: Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

- Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7: Improving Disclosures about Financial Instruments

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

FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.5 Standards and Interpretations Issued But Not Yet Effective *cont'd*

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)'

- FRS 116 Property, Plant and Equipment. The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

- FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

Notes to the Financial Statements
30 June 2010
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.5 Standards and Interpretations Issued But Not Yet Effective *cont'd*

Amendments to FRSs 'Improvements to FRSs (2009)' *cont'd*

- FRS 107 Statement of Cash Flows (formerly known as Cash Flow Statements): Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

- FRS 140 Investment Property: Clarifies that property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Group has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 15 ("IC 15") was issued on 8 January 2010 and becomes effective for financial years beginning on or after 1 July 2010. The Interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of FRS111 Construction Contracts or FRS118 Revenue.

FRS111 applies when the agreement meets the definition of a construction contract, that is, a contract specifically negotiated for the construction of an asset or a combination of assets. In contrast, an agreement for the construction of real estate in which buyers have only limited ability to influence the design of the real estate is an agreement for the sale of goods within the scope of FRS118.

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

3. PROPERTY, PLANT AND EQUIPMENT

	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 2009	2,272	95,028	110,602	163,003	24,855	22,879	2,117	420,756
Additions	-	501	271	2,838	2,238	1,810	811	8,469
Disposals	-	-	-	-	(9)	-	(174)	(183)
Written off:								
- Assets previously impaired	-	(13,667)	(18)	-	(12,671)	(9,159)	(8)	(35,523)
- others	-	(908)	(1,759)	-	(575)	(2,009)	(103)	(5,354)
At 30 June 2010	**2,272**	**80,954**	**109,096**	**165,841**	**13,838**	**13,521**	**2,643**	**388,165**
Accumulated Depreciation								
At 1 July 2009	-	-	14,862	-	6,828	4,691	1,342	27,723
Charge for the year (Note 26)	-	2,548	3,076	-	1,895	1,339	433	9,291
Disposals	-	-	-	-	(7)	-	(145)	(152)
Written off	-	(18)	(70)	-	(575)	(603)	(103)	(1,369)
At 30 June 2010	**-**	**2,530**	**17,868**	**-**	**8,141**	**5,427**	**1,527**	**35,493**
Accumulated Impairment losses								
At 1 July 2009	-	13,667	18	-	12,671	9,159	8	35,523
Written off	-	(13,667)	(18)	-	(12,671)	(9,159)	(8)	(35,523)
At 30 June 2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Carrying Amount								
At 30 June 2010	**2,272**	**78,424**	**91,228**	**165,841**	**5,697**	**8,094**	**1,116**	**352,672**

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

	Freehold land	Freehold land and buildings	Hotel building on leasehold land	Freehold land and building under development	Building service plant and equipment	Furniture and fittings	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP								
Cost								
At 1 July 2008	2,272	78,511	86,266	154,326	21,900	18,110	2,297	363,682
Additions	-	16,517	24,336	8,677	3,093	4,923	-	57,546
Disposals	-	-	-	-	(47)	(218)	(180)	(445)
Written off	-	-	-	-	(204)	(9)	-	(213)
Arising from acquisition of a subsidiary (Note 6)	-	-	-	-	113	73	-	186
At 30 June 2009	2,272	95,028	110,602	163,003	24,855	22,879	2,117	420,756
Accumulated Depreciation								
At 1 July 2008	-	-	13,675	-	5,814	3,462	1,114	24,065
Charge for the year (Note 26)	-	-	1,187	-	1,230	1,392	368	4,177
Disposals	-	-	-	-	(17)	(154)	(140)	(311)
Written off	-	-	-	-	(199)	(9)	-	(208)
At 30 June 2009	-	-	14,862	-	6,828	4,691	1,342	27,723
Accumulated Impairment Losses								
At 1 July 2008/30 June 2009	-	13,667	18	-	12,671	9,159	8	35,523
Net Carrying Amount								
At 30 June 2009	2,272	81,361	95,722	163,003	5,356	9,029	767	357,510

Notes to the Financial Statements
30 June 2010
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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 2010				
Cost				
At 1 July 2009	**438**	**63**	**288**	**789**
Additions	**345**	**22**	**-**	**367**
At 30 June 2010	**783**	**85**	**288**	**1,156**
Accumulated Depreciation				
At 1 July 2009	**275**	**35**	**171**	**481**
Charge for the year (Note 26)	**136**	**12**	**12**	**160**
At 30 June 2010	**411**	**47**	**183**	**641**
Net Carrying Amount				
At 30 June 2010	**372**	**38**	**105**	**515**
At 30 June 2009				
Cost				
At 1 July 2008	438	253	169	860
Additions	-	14	128	142
Disposals/written off	-	(204)	(9)	(213)
At 30 June 2009	438	63	288	789
Accumulated Depreciation				
At 1 July 2008	188	226	166	580
Charge for the year (Note 26)	87	8	14	109
Disposals/written off	-	(199)	(9)	(208)
At 30 June 2009	275	35	171	481
Net Carrying Amount				
At 30 June 2009	163	28	117	308

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30 June 2010
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3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Borrowing cost capitalised into property under development of the Group during the financial year amounted to RM2,059,000 (2009: RM2,259,000).

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

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
Freehold land and building under development	**165,841**	163,003
Hotel building on leasehold land	**91,228**	95,722
	257,069	258,725

4. INVESTMENT PROPERTIES

	Freehold land and buildings	**Leasehold land and buildings**	**Total**
	RM'000	**RM'000**	**RM'000**
GROUP			
At 30 June 2010			
At fair value			
At 1 July 2009/30 June 2010	**37,000**	**70,000**	**107,000**
At 30 June 2009			
At fair value			
At 1 July 2008/30 June 2009	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 reports by an accredited independent valuer as at 30 June 2010. 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 2010
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5. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land	Development expenditure	Total
	RM'000	RM'000	RM'000
GROUP			
At 30 June 2010			
Cost			
At 1 July 2009	**59,014**	**3,687**	**62,701**
Additions	**-**	**1,564**	**1,564**
Reclassifications	**(165)**	**165**	**-**
At 30 June 2010	**58,849**	**5,416**	**64,265**
Accumulated impairment losses			
At 1 July 2009/30 June 2010	**(541)**	**-**	**(541)**
Carrying amount at 30 June 2010	**58,308**	**5,416**	**63,724**
At 30 June 2009			
Cost			
At 1 July 2008	59,014	1,432	60,446
Additions	-	2,255	2,255
At 30 June 2009	59,014	3,687	62,701
Accumulated impairment losses			
At 1 July 2008/30 June 2009	(541)	-	(541)
Carrying amount at 30 June 2009	58,473	3,687	62,160

The net carrying amount of land held for property development pledged for borrowings as referred to in Note 22 is as follows:

	GROUP	
	2010	2009
	RM'000	RM'000
Freehold land and development expenditure	**62,962**	61,398

6. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2010	2009
	RM'000	RM'000
Unquoted shares, at cost	**545,626**	515,976
Less: Accumulated impairment losses	**(215)**	(1,915)
	545,411	514,061

Details of the subsidiaries are disclosed in Note 34.

(a) Additional Investments in Subsidiaries

During the financial year, the Company had subscribed to additional shares in the following subsidiaries:

(i) 2,800,000 ordinary shares of RM1.00 each in Hong Leong Real Estate Management Sdn Bhd for a total cash consideration of RM2,800,000;

(ii) 17,100 redeemable preference shares in GLM Property Services Sdn Bhd at an issue price of RM1,000, being RM1.00 at par with a premium of RM999, amounting to RM17,100,000, as part settlement of the outstanding loan owing to the Company; and

(iii) 11,450 redeemable preference shares in GLM Property Management Co Sdn Bhd at an issue price of RM1,000, being RM1.00 at par with a premium of RM999, amounting to RM11,450,000, as part settlement of the outstanding loan owing to the Company.

(b) Investment in a Subsidiary Written-off

During the financial year, the Company has written off its investment, amounting to RM1,700,000, in a subsidiary, Bedford Leisure Ventures Sdn Bhd which is in the process of being dissolved by way of members' voluntary liquidation.

(c) Acquisition of Subsidiary

There is no acquisition of subsidiary during the current financial year.

In the previous financial year, 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.

The aforesaid acquisition was completed on 1 July 2008 for a total cash consideration of RM1,820,000.

Notes to the Financial Statements
30 June 2010
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6. INVESTMENTS IN SUBSIDIARIES *cont'd*

(c) Acquisition of Subsidiary cont'd

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

	2009 RM'000
Property, plant and equipment	186
Trade and other receivables	346
Cash and cash equivalents	1,628
Other payables and accruals	(340)
Group's share of net assets	1,820
Consideration for acquisition was satisfied by:	
- cash	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
The acquired subsidiary had contributed the following results to the Group:	
Revenue	2,307
Profit for the year	574

7. INVESTMENTS IN ASSOCIATES

	GROUP	
	2010 RM'000	2009 RM'000
Quoted shares in Malaysia, at cost	**59,787**	59,574
Foreign unquoted shares, at cost	**6**	6
Less: Accumulated impairment losses	**(6)**	(6)
	59,787	59,574
Share of post acquisition reserves	**34,173**	33,691
Share of post acquisition translation reserve	**(295)**	(295)
	93,665	92,970

Notes to the Financial Statements
30 June 2010
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7. INVESTMENTS IN ASSOCIATES *cont'd*

	GROUP	
	2010	2009
	RM'000	RM'000
Represented by:		
Share of net assets of associates	**93,665**	92,970
Market value of quoted shares	**66,900**	57,139

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interest 2010	Effective equity interest 2009	Principal activities
		%	%	
Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Dormant
Tower Real Estate Investment Trust ("Tower REIT")	Malaysia	**20**	20	Investment in real estate and real estate-related assets

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

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

(i) Growth Rates

Future dividend income is estimated to grow at 5% (2009: 5%) per annum over the next 5 years and thereafter, grow at a steady rate of 3% (2009: 3%) per annum for the next 10 years. The growth rates used are based on the average growth rates achieved in the previous years and adjusted to lower rates to account for the probability of any unfavourable market condition.

(ii) Discount Rate

Discount rate used is 11% (2009: 11%). This rate is pre-tax and reflects specific risks relating to the investment.

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

Notes to the Financial Statements
30 June 2010
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7. INVESTMENTS IN ASSOCIATES *cont'd*

The summarised financial information of the associates is as follows:

	GROUP	
	2010	2009
	RM'000	RM'000
Assets and liabilities		
Non-current assets	**119,462**	117,904
Current assets	**1,437**	992
Total assets	**120,899**	118,896
Non-current liabilities	**(21,145)**	(22,825)
Current liabilities	**(6,089)**	(3,101)
Total liabilities	**(27,234)**	(25,926)
Total net assets	**93,665**	92,970
Results		
Revenue	**9,562**	9,677
Profit for the year	**6,378**	13,516

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Investments, at cost	**247,432**	259,873	**56,000**	56,000
Share of post acquisition reserves	**60,102**	55,759	**-**	-
	307,534	315,632	**56,000**	56,000

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

Notes to the Financial Statements
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8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES *cont'd*

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

	2010 RM'000	2009 RM'000
Non-current assets	**399,342**	411,690
Current assets	**63,848**	66,320
Non-current liabilities	**(84,619)**	(109,203)
Current liabilities	**(71,037)**	(53,175)
Net assets	**307,534**	315,632
Revenue	**36,077**	34,927
Expenses, including finance costs and taxation	**(31,230)**	(41,186)
	4,847	(6,259)

9. INVESTMENTS

	GROUP	
	2010 RM'000	2009 RM'000
Long term investments		
Quoted shares in Malaysia, at cost	**28,162**	28,162
Less: Accumulated impairment losses	**(23,173)**	(22,765)
	4,989	5,397
Market value of quoted shares as at 30 June	**4,989**	5,397

10. GOODWILL ON CONSOLIDATION

	GROUP	
	2010 RM'000	2009 RM'000
At beginning of financial year	**17,732**	17,732
Reversal during the year (Note 26)	**(1,817)**	-
At end of financial year	**15,915**	17,732

Notes to the Financial Statements
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10. GOODWILL ON CONSOLIDATION *cont'd*

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

During the current financial year, the Group recognised such a reversal of goodwill amounting to RM1,817,000 (2009: Nil) due to the reversal of the deferred tax liability relating to the property inventories sold during the current financial year.

11. DEFERRED TAXATION

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
At beginning of financial year	**17,114**	17,134
Recognised in the income statement (Note 29)	**(2,881)**	(20)
At end of financial year	**14,233**	17,114
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(2,246)**	(1,186)
Deferred tax liabilities	**16,479**	18,300
	14,233	17,114

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	Accelerated Capital Allowances	Investment Properties	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 July 2008/30 June 2009	17,732	141	427	18,300
At 1 July 2009	17,732	141	427	18,300
Recognised in the income statement	(1,817)	(4)	-	(1,821)
At 30 June 2010	**15,915**	**137**	**427**	**16,479**

Notes to the Financial Statements
30 June 2010
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11. DEFERRED TAXATION *cont'd*

Deferred Tax Assets of the Group

	Unused Tax Losses and Unutilised Capital Allowances	Development Properties	Total
	RM'000	RM'000	RM'000
At 1 July 2009	(1,166)	-	(1,166)
Recognised in the income statement	(20)	-	(20)
At 30 June 2009	(1,186)	-	(1,186)
At 1 July 2009	(1,186)	-	(1,186)
Recognised in the income statement	509	(1,569)	(1,060)
At 30 June 2010	**(677)**	**(1,569)**	**(2,246)**

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

	GROUP	
	2010	2009
	RM'000	RM'000
Unused tax losses	**84,087**	80,653
Unabsorbed capital allowances	**83,486**	74,407
Investment tax allowances	**121,789**	121,789
Others	**35,017**	34,906
	324,379	311,755
Deferred tax at 25% (2009: 25%)	**81,095**	77,939

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.

Notes to the Financial Statements
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12. LEASEHOLD LAND USE RIGHT

	GROUP	
	2010	2009
	RM'000	RM'000
At beginning of financial year	**4,402**	4,459
Amortisation for the year (Note 26)	**(55)**	(57)
At end of financial year	**4,347**	4,402
Analysed as:		
Long term leasehold land	**4,347**	4,402

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

13. INVENTORIES

	GROUP	
	2010	2009
	RM'000	RM'000
At cost		
Property inventories	**469,708**	519,397
Saleable merchandise	**574**	398
Operating supplies	**551**	401
	470,833	520,196
At net realisable value		
Property inventories	**450**	450
	471,283	520,646

The cost of property inventories of the Group recognised as cost of sales during the financial year amounted to RM49,689,000 (2009: RM2,462,000) as disclosed in Note 26.

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	
	2010	2009
	RM'000	RM'000
Property inventories	**465,243**	513,262

Notes to the Financial Statements
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14. DUE FROM CONTRACT CUSTOMERS

	GROUP	
	2010	2009
	RM'000	RM'000
Contract cost incurred to date	**67,049**	66,432
Attributable profits	**12,118**	12,791
	79,167	79,223
Less: Progress payments received and receivable	**(78,887)**	(78,490)
Due from contract customers	**280**	733
Contract revenue recognised in income statement (Note 25)	**(1,951)**	(7,361)
Contract costs recognised in income statement (Note 26)	**2,158**	7,361

15. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2010	2009
	RM'000	RM'000
Cumulative property development costs		
At beginning of financial year:		
Freehold land	**167,368**	183,829
Leasehold land	**2,625**	2,167
Development costs	**140,442**	134,912
	310,435	320,908
Cost incurred during the year:		
Freehold land	**612**	-
Development costs	**26,127**	37,404
	26,739	37,404
Reversal of completed projects	**(13,377)**	(47,877)
Less: Impairment losses		
At beginning of financial year	**(35,082)**	(8,160)
Impairment losses for the year	**-**	(26,922)
At end of financial year	**(35,082)**	(35,082)

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15. PROPERTY DEVELOPMENT COSTS *cont'd*

	GROUP	
	2010	2009
	RM'000	RM'000
Cumulative cost recognised in income statement:		
At beginning of financial year	**(51,528)**	(72,048)
Recognised during the year	**(30,597)**	(23,673)
Transfer to inventories	**-**	(3,684)
Reversal of completed projects	**13,377**	47,877
At end of financial year	**(68,748)**	(51,528)
Property development costs at 30 June	**219,967**	223,825

Included in the property development costs is borrowing costs incurred during the financial year of RM2,914,000 (2009: RM3,357,000).

As at the balance sheet date, the carrying amounts of freehold land and related development costs pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 22 are RM182,975,000 (2009: RM176,918,000).

16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade receivables	**22,228**	23,111	**-**	-
Less: Allowance for doubtful debts	**(325)**	(225)	**-**	-
	21,903	22,886	**-**	-
Other receivables	**9,638**	12,529	**132**	109
Less: Allowance for doubtful debts	**(4,258)**	(5,091)	**-**	-
	5,380	7,438	**132**	109
Accrued billings in respect of property development	**864**	6,087	**-**	-
Subsidiaries	**-**	-	**230,846**	231,528
Jointly controlled entities	**16,217**	11,180	**686**	507
Related companies	**206**	767	**45**	126
	44,570	48,358	**231,709**	232,270

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16. TRADE AND OTHER RECEIVABLES *cont'd*

Included in trade receivables are debts aged in excess of 1 year of approximately RM3,045,000 (2009: RM4,008,000). 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 (2009: 7 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

All amounts due from subsidiaries, jointly controlled entities and related companies are unsecured, non-interest bearing and have no fixed terms of repayments except for amounts totalling RM229,341,000 (2009: RM190,938,000) due from certain subsidiaries, which bore interest at rate of 3.60% (2009: 3.60% to 4.50%) per annum during the financial year.

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

17. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	**7,281**	11,783	**-**	-
Cash and bank balances	**17,757**	14,045	**86**	792
	25,038	25,828	**86**	792
Of which the balances of amounts placed with a related company, which is a licensed financial institution, are as follows:				
- deposits	**1,490**	6,900	**-**	-
- bank balances	**7,465**	5,320	**83**	91

Cash and bank balances of the Group include RM192,000 (2009: RM235,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

The effective interest rates of deposits placed with licensed banks of the Group as at the balance sheet date range from 1.60% to 2.50% (2009: 1.70% to 2.10%) per annum.

The maturities of deposits placed with licensed banks of the Group as at the balance sheet date range from 7 to 31 days (2009: 3 to 29 days).

As at the balance sheet date, the deposits placed with licensed banks of the Group pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 22 are RM4,991,000 (2009: RM4,882,000).

Notes to the Financial Statements
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18. SHARE CAPITAL

	GROUP/COMPANY Ordinary shares of RM0.50 each			
	No. of shares 2010 '000	No. of shares 2009 '000	Amount 2010 RM'000	Amount 2009 RM'000
Authorised	**3,000,000**	3,000,000	**1,500,000**	1,500,000
Issued and fully paid	**700,459**	700,459	**350,229**	350,229

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

19. RESERVES

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable:				
Share premium	**35,089**	35,089	**35,089**	35,089
Exchange reserve	**-**	6,318	**-**	-
Merger reserve	**-**	-	**68,219**	68,219
	35,089	41,407	**103,308**	103,308
Distributable:				
Retained profits	**404,560**	400,929	**52,076**	55,734
	439,649	442,336	**155,384**	159,042

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 2010, based on estimated tax credits available, the entire retained profits of the Company is available for distribution by way of dividend without incurring additional tax liability. The Malaysian Budget 2008 introduced a single tier company income tax system with effect from the year of assessment 2008. Companies are not required to have tax credit under S108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders. Companies with S108 credits as at 30 June 2010 may continue to pay franked dividends until the S108 credits are fully utilised or upon expiry of the six years transitional period, 31 December 2013, whichever is earlier.

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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 sheets as a deduction in arriving at the shareholders' equity.

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

	Share Price			Number of	Total
	Lowest	Highest	Average	Shares	Consideration
	RM	RM	RM	'000	RM'000
At 1 July 2009 and 30 June 2010	**0.62**	**1.72**	**0.78**	**30,578**	**23,883**

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

21. DUE TO SUBSIDIARIES

Amounts due to subsidiaries are unsecured, not expected to be repaid within the next twelve months and bear interest at rates ranging from 2.00% to 4.50% (2009: 2.00% to 5.20%) per annum during the financial year.

22. LONG TERM BORROWINGS

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Secured				
Term loans	**598,720**	633,353	**-**	-
Less: Amounts repayable within 12 months (Note 24)	**(381,573)**	(143,939)	**-**	-
	217,147	489,414	**-**	-
Unsecured				
Term loans	**10,000**	10,000	**10,000**	10,000
Less: Amounts repayable within 12 months (Note 24)	**(3,000)**	(6,000)	**(3,000)**	(6,000)
	7,000	4,000	**7,000**	4,000
	224,147	493,414	**7,000**	4,000

Notes to the Financial Statements
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22. LONG TERM BORROWINGS *cont'd*

The term loans outstanding are repayable as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
1 year after balance sheet date	**384,573**	149,939	**3,000**	6,000
More than 1 year but not later than 2 years	**142,323**	309,152	**3,000**	4,000
More than 2 years but not later than 5 years	**77,324**	184,262	**4,000**	-
More than 5 years	**4,500**	-	**-**	-
	608,720	643,353	**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 property development, long term leasehold land, inventories, development properties and deposits placed with licensed banks as disclosed in Notes 3, 4, 5, 12, 13, 15 and 17 as well as fixed and floating charges on assets of certain subsidiaries.

The term loans are repayable over the period from 2010 to 2016 and bear interest at rates ranging from 2.74% to 5.80% (2009: 2.74% to 5.30%) per annum during the financial year.

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade payables	**8,645**	24,116	**-**	-
Progress billings in respect of property development	**488**	671	**-**	-
Associates	**116**	114	**-**	-
Subsidiaries	**-**	-	**42,942**	52,346
Jointly controlled entities	**965**	1,025	**-**	-
Related companies	**1,598**	844	**-**	-
Provision for foreseeable loss in land and development	**33,249**	33,938	**-**	-
Other payables	**32,332**	56,070	**1,833**	1,476
	77,393	116,778	**44,775**	53,822

Notes to the Financial Statements
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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 (2009: 30 days to 60 days).

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

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

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
At beginning of financial year	**33,938**	7,521
Add: Provision made during the financial year	**-**	28,615
Less: Utilisation during the financial year	**(689)**	(2,198)
At end of financial year	**33,249**	33,938

24. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured				
Term loans (Note 22)	**381,573**	143,939	**-**	-
Bank overdrafts	**4,898**	3,770	**-**	-
	386,471	147,709	**-**	-
Unsecured				
Term loans (Note 22)	**3,000**	6,000	**3,000**	6,000
Bank overdrafts	**5,419**	1,487	**3,919**	1,100
Revolving credits	**160,700**	160,204	**158,700**	159,300
	169,119	167,691	**165,619**	166,400
	555,590	315,400	**165,619**	166,400

The bank overdrafts of the Group are secured by a second legal charge over the long term leasehold land and a second fixed and floating charge over the assets of a subsidiary. The bank overdrafts bear effective interest at rates ranging from 6.05% to 7.05% (2009: 6.30%) per annum during the financial year.

The revolving credits of the Group and of the Company are obtained by a negative pledge over all assets of the Company. The revolving credits bear effective interest at rates ranging from 2.74% to 4.04% (2009: 2.74% to 4.60%) per annum.

Details of the term loans are disclosed in Note 22.

Notes to the Financial Statements
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25. REVENUE

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Contract revenue (Note 14)	**1,951**	7,361	**-**	-
Sale of properties	**105,187**	35,449	**-**	-
Rental of properties	**5,901**	7,385	**-**	-
Revenue from hotel operations	**40,819**	24,421	**-**	-
Dividends received	**-**	316	**9,250**	14,053
Management fees	**6,663**	7,079	**1,135**	836
	160,521	82,011	**10,385**	14,889

26. PROFIT/(LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	**160,521**	82,011	**10,385**	14,889
Cost of sales	**(120,031)**	(65,762)	**-**	-
Gross profit	**40,490**	16,249	**10,385**	14,889
Other operating income	**24,128**	889	**54**	10
Distribution costs and marketing expenditures	**(2,948)**	(4,438)	**-**	-
Administration expenses	**(31,914)**	(23,318)	**(4,904)**	(1,586)
Other operating expenses	**(7,385)**	(55,857)	**-**	(3,753)
	22,371	(66,475)	**5,535**	9,560
Cost of sales comprises the following:				
Contract costs (Note 14)	**2,158**	7,361	**-**	-
Property development costs	**29,908**	23,673	**-**	-
Cost of inventories sold (Note 13)	**49,689**	2,462	**-**	-
Services rendered	**38,276**	32,266	**-**	-
	120,031	65,762	**-**	-

Notes to the Financial Statements
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26. PROFIT/(LOSS) FROM OPERATIONS *cont'd*

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging:				
Auditors' remuneration				
- statutory audit	**198**	215	**52**	52
- under provided in previous year	**8**	25	**-**	12
Amortisation of leasehold land use right (Note 12)	**55**	57	**-**	-
Direct operating expenses of income generating investment properties	**2,889**	2,839	**-**	-
Depreciation of property, plant and equipment (Note 3)	**9,291**	4,177	**160**	109
Executive Directors				
- Fees	**88**	86	**60**	60
- Salaries and emoluments	**498**	375	**498**	375
- Contribution to defined contribution plan	**60**	45	**60**	45
- Benefit in kind	**21**	20	**21**	20
Non-Executive Directors				
- Fees	**202**	200	**202**	200
- Other emoluments	**80**	80	**80**	80
Office rent	**2,346**	2,469	**235**	191
Property, plant and equipment written off	**3,985**	5	**-**	5
Provision for foreseeable loss in land and development	**-**	28,615	**-**	-
Reversal of goodwill (Note 10)	**1,817**	-	**-**	-
Impairment loss on property development costs	**-**	26,922	**-**	-
Impairment loss on non-current investments	**408**	624	**-**	-
Allowance for doubtful debts	**2,141**	22	**-**	-
Employee benefits expense				
- Salaries and wages	**18,909**	17,942	**1,895**	1,928
- Defined contribution plans	**2,018**	1,800	**245**	209
- Social security contributions	**156**	143	**20**	18
- Other benefits	**2,533**	1,847	**279**	356

Notes to the Financial Statements
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26. PROFIT/(LOSS) FROM OPERATIONS *cont'd*

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after crediting:				
Gain on dissolution of a subsidiary (Note 34)	**1,264**	-	**-**	-
Gain on disposal of a jointly controlled entity (Note 38)	**22,712**	-	**-**	-
Gain on disposal of property, plant and equipment	**7**	195	**-**	-
Gross dividends from subsidiaries	**-**	-	**9,250**	14,053

27. INTEREST INCOME

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- subsidiaries	**-**	-	**10,392**	7,049
- others	**231**	563	**5**	55
	231	563	**10,397**	7,104

28. FINANCE COSTS

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- loans and borrowings	**22,906**	8,436	**5,854**	4,599
- subsidiaries	**-**	-	**2,597**	3,500
- others	**550**	604	**233**	366
	23,456	9,040	**8,684**	8,465

Notes to the Financial Statements
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29. TAXATION

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year:				
Malaysian income tax	**3,343**	1,115	**900**	5
(Over)/under provision in prior years	**(784)**	112	**(42)**	1
	2,559	1,227	**858**	6
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	**(2,975)**	(133)	**-**	-
Underprovision in prior years	**94**	113	**-**	-
	(2,881)	(20)	**-**	-
	(322)	1,207	**858**	6

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) 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:

	2010	2009
	RM'000	RM'000
GROUP		
Profit/(loss) before taxation	**10,371**	(67,695)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	**2,593**	(16,924)
Tax effect on share of results of associate and joint ventures	**(2,806)**	(1,699)
Income not subject to tax	**(7,211)**	(2,441)
Expenses not deductible for tax purposes	**4,636**	3,601
Utilisation of previously unrecognised deferred tax assets	**(688)**	-
Deferred tax assets not recognised during the year	**3,844**	18,445
(Over)/under provision of tax expense in prior years	**(784)**	112
Underprovision of deferred tax in prior years	**94**	113
Tax expense for the year	**(322)**	1,207

Notes to the Financial Statements
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29. TAXATION *cont'd*

	2010 RM'000	2009 RM'000
COMPANY		
Profit before taxation	**7,248**	8,199
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	**1,812**	2,050
Income not subject to tax	**(1,000)**	(2,213)
Expenses not deductible for tax purposes	**88**	157
Deferred tax assets not recognised during the year	**-**	11
(Over)/under provision of tax expense in prior years	**(42)**	1
Tax expense for the year	**858**	6

30. EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per share has been calculated by dividing the consolidated profit attributable to ordinary shareholders of RM13,964,000 (2009: Loss of RM66,045,000) by the weighted average number of ordinary shares in issue during the year (net of ESOS Trust shares) of 669,880,418 (2009: 669,880,418) 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	
	2010 RM'000	2009 RM'000	2010 Sen	2009 Sen
GROUP/COMPANY				
In respect of financial year ended 30 June 2009				
- Final dividend of 2 sen per share less 25% taxation paid on 3 November 2009	**10,048**	-	**1.50**	-
In respect of financial year ended 30 June 2008				
- Final dividend of 2 sen per share less 25% taxation paid on 3 November 2008	**-**	10,048	**-**	1.50
	10,048	10,048	**1.50**	1.50

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31. DIVIDEND *cont'd*

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2010, of 2 sen per share less 25% taxation on 669,880,418 (net of ESOS Trust shares) ordinary shares of RM0.50 each, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend of RM10,048,206. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2011.

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

	Effective Interest Rate	Floating interest	Fixed interest rate maturing within 1 year	Total
	%	RM'000	RM'000	RM'000
GROUP				
Financial assets				
At 30 June 2010:				
Deposits	**1.60 - 2.50**	**-**	**7,281**	**7,281**
At 30 June 2009:				
Deposits	1.70 - 2.10	-	11,783	11,783

Notes to the Financial Statements
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33. FINANCIAL INSTRUMENTS *cont'd*

(c) Effective Interest Rates and Repricing Analysis *cont'd*

	Effective Interest Rate	Floating interest	Fixed interest rate maturing within 1 year	Total
	%	RM'000	RM'000	RM'000
GROUP *cont'd*				
Financial liabilities				
At 30 June 2010:				
Borrowings				
- Floating rate	**2.74 - 7.05**	**779,737**	**-**	**779,737**
At 30 June 2009:				
Borrowings				
- Floating rate	2.74 - 6.30	808,814	-	808,814
COMPANY				
Financial assets				
At 30 June 2010:				
Due from subsidiaries	**3.60**	**229,341**	**-**	**229,341**
At 30 June 2009:				
Due from subsidiaries	3.60 - 4.50	190,938	-	190,938
Financial liabilities				
At 30 June 2010:				
Borrowings				
- Floating rate	**2.74 - 7.05**	**172,619**	**-**	**172,619**
Due to a subsidiary	**2.00 - 4.50**	**136,207**	**-**	**136,207**
At 30 June 2009:				
Borrowings				
- Floating rate	2.74 - 6.30	170,400	-	170,400
Due to subsidiaries	2.00 - 5.20	96,056	-	96,056

Notes to the Financial Statements
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33. FINANCIAL INSTRUMENTS *cont'd*

(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).

(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 these 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) 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.

(iv) Long Term Borrowing

The carrying amounts approximate fair values as all the long term borrowings are on floating interest rate.

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34. SUBSIDIARIES

The subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2010 %	Effective equity interest 2009 %	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	Bermuda	**-**	70	Struck-off from the Bermuda register
^ Guoman Philippines, Inc.	Philippines	**70**	70	Dormant
^ Guoman International Limited	Jersey, Channel Islands	**70**	70	Investment holding
Guoman International Sdn Bhd	Malaysia	**70**	70	Provision of technical and management services
JB Parade Sdn Bhd and its subsidiary:	Malaysia	**49**	49	Investment holding and hotel operations
JB Parade Condominium Sdn Bhd	Malaysia	**49**	49	Property development
Bedford Development Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding and property development
Hong Leong Housing Sdn Bhd	Malaysia	**100**	100	Provision of construction management services

Notes to the Financial Statements
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34. SUBSIDIARIES *cont'd*

Name of company	Country of incorporation	Effective equity interest 2010 %	Effective equity interest 2009 %	Principal activities
[+] Bedford Industrial Development Sdn Bhd	Malaysia	**100**	100	Property development
[^+] Pembinaan Sri Jati Sdn Berhad	Malaysia	**100**	100	Investment holding and property development
Sabna Development Sdn Bhd	Malaysia	**100**	100	Property development
Ace Acres Sdn Bhd	Malaysia	**100**	100	Property development
Hong Leong Real Estate Holdings Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding
[^] Bedford Land Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding
BLV Fashions Sdn Bhd	Malaysia	**100**	100	Property investment
[^] Guobena Development Sdn Bhd	Malaysia	**100**	100	Property investment
HL Bandar Sdn Bhd	Malaysia	**100**	100	Property investment
Prophills Development Sdn Bhd	Malaysia	**100**	100	Dormant
Damansara City Sdn Bhd	Malaysia	**100**	100	Property development and property investment
Orifour Sdn Bhd	Malaysia	**100**	100	Dormant
Orifive Sdn Bhd	Malaysia	**100**	100	Dormant
[#] Bedford Excel Venture Sdn Bhd	Malaysia	**100**	100	In members' voluntary liquidation

Notes to the Financial Statements
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34. SUBSIDIARIES *cont'd*

Name of company	Country of incorporation	Effective equity interest 2010 %	Effective equity interest 2009 %	Principal activities
# Bedford Leisure Ventures Sdn Bhd and its subsidiary:	Malaysia	**100**	100	In members' voluntary liquidation
# BLV Entertainment Sdn Bhd	Malaysia	-	100	Dissolved by 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	Property investment and trading
^ GLM Property Services Sdn Bhd	Malaysia	**100**	100	Provision of property management services
^ GLM Property Management Co Sdn Bhd	Malaysia	**100**	100	Provision of property management services
^ GLM REIT Management Sdn Bhd	Malaysia	**100**	100	Provision of management services
^ Astute Modernization Sdn Bhd and its subsidiary:	Malaysia	**100**	100	Investment holding
^ Titan Debut Sdn Bhd	Malaysia	**100**	100	Acquire, enhance and resale of properties
^ Raikon Building Management Co Sdn Bhd	Malaysia	**100**	100	Provision of property-related services

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

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

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

* The subsidiary was struck-off during the year and this resulted in a gain to the Group, amounting to RM1,264,000 as disclosed in Note 26.

35. JOINTLY CONTROLLED ENTITIES

The details of jointly controlled entities are as follows:

Name of jointly controlled entity	Country of incorporation	Effective equity interest 2010 %	Effective equity interest 2009 %	Principal activities
Vintage Heights Sdn Bhd	Malaysia	**40**	40	Property development and operation of an oil palm estate
Positive Properties Sdn Bhd (Note 38)	Malaysia	**-**	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 adoption of FRS 8, Operating Segments requires segment information to be presented on a similar basis to that used for internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assess the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

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, trading in securities and investment in Real Estate Investment Trusts.

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	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External sales	**113,040**	50,195	**40,818**	24,421	**-**	-	**6,663**	7,395	**-**	-	**160,521**	82,011
Inter-segment sales	**-**	-	**-**	-	**-**	-	**3,725**	1,413	**(3,725)**	(1,413)	**-**	-
Total revenue	**113,040**	50,195	**40,818**	24,421	**-**	-	**10,388**	8,808	**(3,725)**	(1,413)	**160,521**	82,011
Results												
Segment results	**17,322**	(51,081)	**(10,668)**	(10,317)	**-**	-	**16,649**	(3,336)	**-**	-	**23,303**	(64,734)
Unallocated corporate expenses											**(932)**	(1,741)
Profit/(loss) from operations											**22,371**	(66,475)
Interest income											**231**	563
Finance cost											**(23,456)**	(9,040)
Share of results of associates	**-**	-	**(713)**	(4)	**-**	-	**7,091**	13,520	**-**	-	**6,378**	13,516
Share of results of jointly controlled entities	**703**	(14,420)	**-**	-	**4,144**	8,161	**-**	-	**-**	-	**4,847**	(6,259)
Taxation											**322**	(1,207)
Profit/(loss) after taxation											**10,693**	(68,902)
Minority interests											**3,271**	2,857
Net profit/(loss) for the year attributable to the equity holders of the Company											**13,964**	(66,045)

36. SEGMENT INFORMATION *cont'd*

	Property Investment and Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets												
Segment assets	**1,061,383**	1,117,851	**192,562**	197,643	**-**	-	**10,214**	14,923	**-**	-	**1,264,159**	1,330,417
Investments in associates	**-**	-	**-**	714	**-**	-	**93,665**	92,256	**-**	-	**93,665**	92,970
Long term investments	**4,979**	5,374	**-**	-	**-**	-	**10**	23	**-**	-	**4,989**	5,397
Investments in jointly controlled entities	**85,678**	97,798	**-**	-	**221,856**	217,834	**-**	-	**-**	-	**307,534**	315,632
Unallocated corporate assets											**45,644**	43,826
Consolidated total assets											**1,715,991**	1,788,242
Liabilities												
Segment liabilities	**61,006**	83,610	**10,757**	26,202	**-**	-	**3,916**	4,985	**-**	-	**75,679**	114,797
Unallocated corporate liabilities											**797,930**	830,159
Consolidated total liabilities											**873,609**	944,956

36. SEGMENT INFORMATION *cont'd*

	Property Investment and Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other Information												
Capital expenditure	**2,864**	8,677	**4,422**	48,192	**-**	-	**1,183**	677	**-**	-	**8,469**	57,546
Depreciation	**132**	51	**8,272**	3,237	**-**	-	**887**	889	**-**	-	**9,291**	4,177
Amortisation of leasehold land use right	**-**	-	**55**	57	**-**	-	**-**	-	**-**	-	**55**	57
Impairment loss on non-current investments	**394**	-	**-**	-	**-**	-	**14**	624	**-**	-	**408**	624
Reversal of goodwill	**1,817**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,817**	-
Non-cash expenses other than depreciation, amortisation and impairment losses	**1,600**	-	**4,048**	-	**-**	-	**478**	27	**-**	-	**6,126**	27
Provision for foreseeable loss in land and development	**-**	28,615	**-**	-	**-**	-	**-**	-	**-**	-	**-**	28,615
Impairment loss of land and development	**-**	26,922	**-**	-	**-**	-	**-**	-	**-**	-	**-**	26,922

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

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related Parties

The Group has related party transactions with corporations which are related to the directors and/or major shareholders of the Company and/or persons connected with them as follows:

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

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

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

(b) Transactions within the Group

	COMPANY	
	2010	**2009**
	RM'000	**RM'000**
Dividend income	**9,250**	14,053
Management fees	**816**	571
Interest income	**10,392**	7,049
Interest expense	**(2,597)**	(3,500)

Notes to the Financial Statements
30 June 2010
cont'd

37. SIGNIFICANT RELATED PARTY TRANSACTIONS *cont'd*

(c) Related Party Transactions

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
Management services received from jointly controlled entities	**1,582**	1,504
Rental income received from:		
- HLFG Group	**68**	182
- HLCM Capital Group	**10**	13
Management services received from:		
- HLCM Capital Group	**12**	10
- GL Group	**10**	-
- Tower REIT	**2,338**	2,387
Property management fees received from:		
- HLFG Group	**2,825**	1,858
- HLCM Capital Group	**199**	414
Hotel room rental received from:		
- HLFG Group	**324**	55
- HLMC Group	**58**	-
Interest income received from HLFG Group	**47**	355
Insurance premium paid to HLFG Group	**(161)**	(721)
Security guard services paid to GSC	**(460)**	(502)
Management services paid to GL Group	**(1,214)**	-
Office rental paid to:		
- HLFG Group	**(1,666)**	(1,712)
- Tower REIT	**(680)**	-
Financial and treasury services paid to HLMC Group	**(1,864)**	(684)
Share, warrants and ESOS administration services paid to HLCM Capital Group	**(60)**	(61)

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

Information regarding the outstanding balances arising from related party transactions as at 30 June 2010 are disclosed in Notes 16, 21 and 23 to the financial statements.

Notes to the Financial Statements
30 June 2010
cont'd

37. SIGNIFICANT RELATED PARTY TRANSACTIONS *cont'd*

(d) Compensation of Key Management Personnel

The directors of the Company are key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly. The directors' remunerations are as disclosed in Note 26 to the financial statements.

38. SIGNIFICANT EVENT DURING THE YEAR

During the financial year, Bedford Land Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had on 26 May 2010, disposed its entire 50% equity interest in Positive Properties Sdn Bhd, a jointly controlled entity, to RHB Hartanah Sdn Bhd for cash consideration of RM35,004,000. This transaction resulted in a gain of RM22,712,000 to the Group during the financial year.

39. LEASE COMMITMENTS

(a) The Group as Lessee

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

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

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
Not later than 1 year	**1,401**	618
Later than 1 year and not later than 5 years	**1,250**	329
	2,651	947

(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.

Notes to the Financial Statements
30 June 2010
cont'd

39. LEASE COMMITMENTS *cont'd*

(b) The Group as Lessor cont'd

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	
	2010	**2009**
	RM'000	**RM'000**
Not later than 1 year	**791**	788
Later than 1 year and not later than 5 years	**605**	1,275
	1,396	2,063

40. CAPITAL COMMITMENTS

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**4,550**	9,242
Approved but not contracted for:		
Property, plant and equipment	**2,000**	-
	6,550	9,242

Statement by Directors

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

We, Yeow Wai Siaw and Tan Keok Yin, being two of the directors of GuocoLand (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 48 to 114 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 2010 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.

YEOW WAI SIAW

TAN KEOK YIN

Kuala Lumpur
20 August 2010

Statutory Declaration

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

I, Soon Yeong Chyan, being the officer primarily responsible for the financial management of GuocoLand (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 48 to 114 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Soon Yeong Chyan
at Kuala Lumpur in the Federal
Territory on 20 August 2010

SOON YEONG CHYAN

Before me,

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

Independent Auditors' Report

to the Members of GuocoLand (Malaysia) Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of GuocoLand (Malaysia) Berhad, which comprise the balance sheets as at 30 June 2010 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 48 to 114.

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 (the "Act") 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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation 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 Company'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 Act so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2010 and of the financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Act, we also report the following:

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 34 to the financial statements.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS *cont'd*

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

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

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act 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

Kuala Lumpur, Malaysia
20 August 2010

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

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2010

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
Freehold	**Bangunan Hong Leong** Land with a 16-storey office building at No. 117 Jalan Tun H.S. Lee 50000 Kuala Lumpur	92,561 sq ft*	35	37,000	30/6/2010#
Leasehold Expiry Date: 24/3/2101	**Menara Pandan C & D** Two 10-storey office tower blocks at Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur	356,160 sq ft*	13	70,000	30/6/2010#
Leasehold Expiry Date: 10/10/2087	**Thistle Johor Bahru** Land with a 380-room hotel at Lots 17869 & 17870 Jalan Sg. Gelam Off Jalan Sg. Chat District of Johor Bahru Johor Darul Takzim	6.4	16	101,643	23/8/1994^
Freehold	**Thistle Port Dickson Resort** Land with a 251-room hotel resort & 9-hole golf course at Lots 7251, 7253 & 7256 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	64.0	14	83,723	7/8/1996^
Freehold	Vacant land at Lots 7252 & 7257 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	6.7	-	2,272	26/3/1984
Freehold	**OVAL Kuala Lumpur** Oval apartments at 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	2.1	-	465,243	8/8/2007

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2010 *cont'd*

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
Freehold	**Damansara CITY** Land with development in progress at Lot PT 5787 Jalan Damanlela Bukit Damansara Kuala Lumpur	8.5	-	251,298	9/11/1994
Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress in Mukim of Sg. Buloh Selangor Darul Ehsan	26.4	-	20,164	2/3/1993
Freehold	Vacant land at Lot 3059 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	7.5	-	6,700	15/6/1990
Freehold	Vacant land at Geran No. 20438 Lot 36, Bandar Batu Ferringhi Pulau Pinang	4.6	-	762	15/10/1991
Freehold	**Emerald 1B** Land with development in progress at Geran 30372 Lot No 1349, Mukim of Rawang Daerah Ulu Selangor Selangor Darul Ehsan	46.9	-	6,988	7/4/2005
Leasehold Expiry Date: 16/7/2088	**Commerce One** Land with development in progress at Bedford Business Park, Mukim of Petaling Wilayah Persekutuan Kuala Lumpur	0.7	-	8,545	17/7/1989
Freehold	Land with development in progress at Seksyen 9 Tempat Sungai Kantan, Kajang Daerah Hulu Langat Selangor Darul Ehsan	9.0	-	18,392	10/8/2006

Other Information
cont'd

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2010 *cont'd*

Tenure	Location	Approximate Land Area (acres)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition
Freehold	**The Cirrus** Land with development in progress within Taman Mutiara Barat, Off Jalan Cheras Mukim of Kuala Lumpur	15.3	-	72,052	6/10/2006
Freehold	**Changkat Kia Peng** Vacant land at Geran 25964 Lot 241 Seksyen 0063 Bandar Kuala Lumpur Daerah Kuala Lumpur	0.7	-	62,962	14/1/2008
Properties held by Jointly Controlled Entities					
Freehold	*Vintage Heights Sdn Bhd* **Pantai Sepang Putra** Land with development in progress at Mukim of Sepang and Districts of Sepang & Kuala Langat Selangor Darul Ehsan	5,057.3	-	222,071	27/3/1992
Freehold	*Continental Estates Sdn Bhd* Vacant land at Mukim of Jasin, Melaka Darul Amin	5,515.0	-	330,000	22/5/1996
Freehold	*Kota Selatan Indah Sdn Bhd* **Emerald East** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	92.5	-	36,348	11/10/1999
Freehold	*Promakmur Development Sdn Bhd* **Emerald West** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	729.5	-	229,423	31/5/2000

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

2. ANALYSIS OF SHAREHOLDINGS AS AT 1 SEPTEMBER 2010

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	435	4.12	16,843	0.00
100 – 1,000	3,195	30.28	2,956,435	0.42
1,001 – 10,000	5,492	52.05	23,389,125	3.34
10,001 – 100,000	1,275	12.08	37,021,295	5.29
100,001 – less than 5% of issued shares	154	1.46	181,944,240	25.97
5% and above of issued shares	1	0.01	455,130,580	64.98
	10,552	100.00	700,458,518	100.00

Thirty Largest Shareholders

Names of Shareholders		No. of Shares	%
1.	GLL (Malaysia) Pte Ltd	455,130,580	64.98
2.	HSBC Nominees (Asing) Sdn Bhd *- The Bank Of Nova Scotia*	35,000,000	4.99
3.	Assets Nominees (Tempatan) Sdn Bhd *- Exempt AN for GuocoLand (Malaysia) Berhad (ESOS)*	30,578,100	4.37
4.	YBhg Tan Sri Quek Leng Chan	19,506,780	2.78
5.	HLB Nominees (Tempatan) Sdn Bhd *- Quek Sue Yian*	10,000,000	1.43
6.	RHB Capital Nominees (Tempatan) Sdn Bhd *- Poh Soon Sim*	9,552,500	1.36
7.	HLB Nominees (Asing) Sdn Bhd *- Central China Holdings Limited*	7,341,600	1.05
8.	Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for OCBC Securities Private Limited*	5,061,676	0.72
9.	Employees Provident Fund Board	4,807,800	0.69
10.	Cimsec Nominees (Asing) Sdn Bhd *- Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	3,890,760	0.56

Other Information
cont'd

2. ANALYSIS OF SHAREHOLDINGS AS AT 1 SEPTEMBER 2010 *cont'd*

Thirty Largest Shareholders *cont'd*

	Names of Shareholders	No. of Shares	%
11.	HSBC Nominees (Asing) Sdn Bhd *- Exempt AN for Credit Suisse*	3,360,800	0.48
12.	RHB Capital Nominees (Tempatan) Sdn Bhd *- Poh Yang Hong*	3,000,000	0.43
13.	AllianceGroup Nominees (Tempatan) Sdn Bhd *- Ong Siew Eng @ Ong Chai*	2,420,900	0.35
14.	Amsec Nominees (Asing) Sdn Bhd *- Low Check Kian*	1,638,200	0.23
15.	RHB Capital Nominees (Tempatan) Sdn Bhd *- Leong Khai Shaun*	1,566,600	0.22
16.	HLB Nominees (Asing) Sdn Bhd *- Chia Choi Chun*	1,500,000	0.21
17.	UOBM Nominees (Asing) Sdn Bhd *- Tay Yun Chwan Henry*	1,480,000	0.21
18.	Chua Holdings Sdn Bhd	1,428,465	0.20
19.	Citigroup Nominees (Asing) Sdn Bhd *- DFA Emerging Markets Small Cap Series*	1,359,800	0.19
20.	Hong Bee Hardware Company, Sdn. Berhad	1,357,020	0.19
21.	Amsec Nominees (Asing) Sdn Bhd *- Kwong Hang Terry*	1,300,000	0.19
22.	HLG Nominee (Asing) Sdn Bhd *- Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	1,299,780	0.19
23.	Poh Yang Hong	1,271,700	0.18
24.	Mayban Securities Nominees (Asing) Sdn Bhd *- Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	1,237,710	0.18
25.	Kadar Shah Bin Sulaiman	1,200,000	0.17
26.	Tan Liew Cheun	1,173,000	0.17
27.	HLB Nominees (Asing) Sdn Bhd *- Kan Chui Peng*	1,000,000	0.14
28.	Teo Kwee Hock	877,100	0.13
29.	Citigroup Nominees (Asing) Sdn Bhd *- Exempt AN for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)*	838,720	0.12
30.	Mayban Nominees (Tempatan) Sdn Bhd *- Edward Chong Shaw Nyen*	783,700	0.11
		610,963,291	**87.22**

2. ANALYSIS OF SHAREHOLDINGS AS AT 1 SEPTEMBER 2010 *cont'd*

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 1 September 2010 are as follows:

	Direct		Indirect	
Names of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Hong Leong Company (Malaysia) Berhad	-	-	455,198,596	64.99*A
2. HL Holdings Sdn Bhd	-	-	455,198,596	64.99*B
3. Tan Sri Quek Leng Chan	19,506,780	2.78	466,555,616	66.61*C
4. Kwek Leng Beng	-	-	456,555,616	65.18*D
5. Kwek Holdings Pte Ltd	-	-	456,555,616	65.18*D
6. Hong Realty (Private) Limited	-	-	456,555,616	65.18*D
7. Hong Leong Investment Holdings Pte Ltd	-	-	456,555,616	65.18*D
8. Kwek Leng Kee	-	-	456,555,616	65.18*D
9. Davos Investment Holdings Private Limited	-	-	456,555,616	65.18*D
10. Quek Leng Chye	-	-	456,555,616	65.18*D
11. GLL (Malaysia) Pte Ltd	455,130,580	64.98	-	-
12. GuocoLand Limited	-	-	455,130,580	64.98*E
13. GuocoLand Assets Pte Ltd	-	-	455,130,580	64.98*E
14. Guoco Group Limited	-	-	455,130,580	64.98*E
15. GuoLine Overseas Limited	-	-	455,130,580	64.98*E
16. GuoLine Capital Assets Limited	-	-	455,130,580	64.98*E

Notes:

*A Held through subsidiaries
*B Held through Hong Leong Company (Malaysia) Berhad
*C Held through Hong Leong Company (Malaysia) Berhad, a company in which the substantial shareholder has interest and children who are not Directors of the Company
*D Held through Hong Leong Company (Malaysia) Berhad and a company in which the substantial shareholder has interest
*E Held through GLL (Malaysia) Pte Ltd

Other Information
cont'd

3. DIRECTORS' INTERESTS AS AT 1 SEPTEMBER 2010

Subsequent to the financial year end, there is no change, as at 1 September 2010, to the Directors' interests in the ordinary shares, preference shares and/or options over ordinary shares or convertible bonds of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 40 to 45 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except for the changes set out below:

	No. of ordinary shares	%
Direct Interest		
Mr Poh Yang Hong in:		
GuocoLand (Malaysia) Berhad	4,190,700	0.60
Indirect Interests		
YBhg Tan Sri Quek Leng Chan in:		
GuocoLeisure Limited	908,175,425	66.38
Hong Leong Industries Berhad	198,846,237 @	72.91
Bondway Properties Limited (In members' voluntary liquidation)	Nil #	Nil

Notes:

@ Inclusive of shares held by children who are not Directors of the Company.
\# Dissolved by members' voluntary liquidation.

4. MATERIAL CONTRACTS

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

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

FORM OF PROXY

I/We _____

NRIC/Passport/Company No. _____

of _____

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

_____

NRIC/Passport No. _____

of _____

or failing him/her _____

NRIC/Passport No. _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Eighty-sixth 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, 13 October 2010 at 11.00 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1.	To declare a final dividend of 4% less tax		
2.	To approve the payment of Director fees		
3.	To re-elect Mr Yeow Wai Siaw as a Director		
4.	To re-elect YBhg Tan Sri Quek Leng Chan as a Director		
5.	To re-elect Mr Quek Chee Hoon as a Director		
6.	To re-appoint 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 resolution on authority to Directors to issue shares		
9.	As a special business, to approve the ordinary resolution on the proposed shareholders' mandate on recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM		
10.	As a special business, to approve the ordinary resolution on the proposed shareholders' mandate on recurrent related party transactions of a revenue or trading nature with the Directors and Major Shareholders of the Company and persons connected with them		
11.	As a special business, to approve the ordinary resolution on the proposed shareholders' mandate on recurrent related party transactions of a revenue or trading nature with Tower Real Estate Investment Trust		

Dated this _____ day of _____ 2010.

_____ _____

Number of shares held Signature(s) of Member

NOTES:

1. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two 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 (please refer to note 7 below). Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.
7. In the event two (2) proxies are appointed, please fill in the ensuing section:

Names of Proxies	% of shareholdings to be represented