

**MKLAND** Holdings Berhad 40970 H

ANNUAL REPORT 2011





*Shaping vision  
into Reality*

Everyone has a vision of how they like to live. At the heart of that vision is an ideal home in an ideal community. As a responsible developer, one of our goals is to shape vision into reality by building homes and communities people want: green and tranquil, stylish and comfortable, safe and healthy.



# M K LAND HOLDINGS BERHAD

## ANNUAL REPORT 2011

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 32nd Annual General Meeting of the Company will be held at Saujana Ballroom, The Saujana Hotel, Saujana Resort, Jalan Lapangan Terbang Sultan Abdul Aziz Shah, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 6th December 2011 at 10.00 a.m. for the following purposes:

## AGENDA

- |   |              |
|---|--------------|
| 1. To receive the Statutory Financial Statements for the year ended 30 June 2011 together with the Reports of the Directors and Auditors thereon.   | Resolution 1 |
| 2. To approve the payment of Directors' fees for the financial year ended 30 June 2011.   | Resolution 2 |
| 3. To re-elect Y. Bhg. Datuk Kasi A/L K.L. Palaniappan who retires pursuant to Article 77 of the Company's Articles of Association, and being eligible has offered himself for re-election. | Resolution 3 |
| 4. To re-elect Mr Hong Hee Leong who retires pursuant to Article 77 of the Company's Articles of Association, and being eligible has offered himself for re-election.                       | Resolution 4 |
| 5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.  | Resolution 5 |

## Special Business

- |  |              |
|--|--------------|
| 6. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965 :   | Resolution 6 |
| <p>"THAT, Y. Bhg. Dato' Mohamad Nor bin Mohamad retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a director of the Company and to hold office until the conclusion of the next Annual General Meeting."</p> |              |
| 7. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:  | Resolution 7 |

Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965

"THAT, subject to the Companies Act 1965, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

8. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:  
Proposed renewal of share buy-back authority

Resolution 8

“THAT, subject to compliance with the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits and share premium account of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company (“Proposed Purchase”) as may be determined by the Directors of the Company from time to time through the Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or retained as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company during the authorised period.

AND THAT, such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company which shall be held no later than 31 December 2011 unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

AND THAT, upon completion of the purchase by the Company of its own shares (“M K Land Shares”), the Directors are authorised to retain M K Land Shares as the treasury shares or cancel M K Land Shares or retain part of M K Land Shares so purchased as treasury shares and cancel the remainder. The Directors are further authorised to resell the treasury shares on the Bursa Securities or distribute the treasury shares as dividends to the Company’s shareholders or subsequently cancel the treasury shares or any combination of the three.

AND THAT, the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- (i) the conclusion of the first annual general meeting of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever is the earliest but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the proposed purchase of M K Land Shares with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities.”

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

9. To transact any other business for which due notice has been given.

Resolution 9

By order of the Board

**YEAP KOK LEONG**

(MAICSA 0862549)

**AHMAD FAISAL BIN ABDUL KARIM**

(MAICSA 7045851)

**SECRETARIES**

Petaling Jaya

14 November 2011

**NOTES:**

1. *A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.*

*If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received. If this Proxy Form is signed by an attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.*

5. *The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at No. 19, Jalan PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
7. *Explanatory Notes on Special Business*

**Section 129(6) of the Companies Act, 1965**

Pursuant to Section 129(6) of the Companies Act, 1965, the proposed resolution 6 is to seek shareholders' approval on the reappointment of Director who is over 70 years of age and above.

**Section 132D of the Companies Act, 1965**

The Ordinary Resolution under item 7 is proposed to seek for a renewal of general authority pursuant to Section 132D of the Companies Act, 1965, if passed, it will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

As at the date of this notice, no new shares in the Company were issued pursuant to the general authority to the Directors for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act") at the 31st Annual General Meeting ("AGM") held on 8th December 2010 and which will lapse at the conclusion of the 32nd AGM.

The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited for further placing of shares for purpose of funding investment(s), working capital and/or acquisitions, at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organise a general meeting.

## **Proposed Share Buy-back**

The proposed adoption of Ordinary Resolution 8 above, is to empower the Directors to buy-back and/or hold up to a maximum of 10% of the Company's issued and paid-up share capital at any point of time, by utilising the amount allocated which shall not exceed the total retained profits and/or share premium account of the Company, subject to the Act, Listing Requirements of Bursa Securities, any prevailing laws, orders, requirements, rules, regulations and guidelines issued by the relevant authorities at the time of purchase. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

The details relating to Ordinary Resolution 8 are set out in the Share Buy-Back Statement to Shareholders dated 14 November 2011 attached to the Annual Report 2011.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Y. BHG. TAN SRI DATUK HJ. MUSTAPHA  
KAMAL BIN HJ. ABU BAKAR

Re-designated as Non-Executive Chairman on 1 June 2011

Y. BHG. DATO' MOHAMAD NOR BIN MOHAMAD

Independent Non-Executive Director

PN. HJH FELINA BINTI TAN SRI DATUK  
HJ. MUSTAPHA KAMAL

Executive Director

Y. BHG. DATUK KASI A/L K.L. PALANIAPPAN

Non-Independent Non-Executive Director

MR. HONG HEE LEONG

Independent Non-Executive Director

MS. ANITA CHEW CHENG IM

Independent Non-Executive Director

PN. JULIANA HEATHER BINTI ISMAIL

Independent Non-Executive Director

PN. HJH FAZWINNA BINTI TAN SRI  
DATUK HJ. MUSTAPHA KAMAL

(Alternate to Pn. Hjh. Felina Binti Tan Sri Datuk Hj. Mustapha Kamal)

## AUDIT COMMITTEE

Y. BHG. DATO' MOHAMAD NOR BIN MOHAMAD  
(CHAIRMAN)

Independent Non-Executive Director

Y. BHG. DATUK KASI A/L K.L. PALANIAPPAN  
(Member)

Non-Independent Non-Executive Director

MR. HONG HEE LEONG  
(Member)

Independent Non-Executive Director

MS. ANITA CHEW CHENG IM  
(Member)

Independent Non-Executive Director

## SECRETARIES

MR. YEAP KOK LEONG (MAICSA 0862549)

EN. AHMAD FAISAL BIN ABDUL KARIM  
(MAICSA 7045851)

## REGISTERED OFFICE

No. 19, Jalan PJU 8/5H, Perdana Business Centre,  
Bandar Damansara Perdana, 47820 Petaling Jaya,  
Selangor Darul Ehsan  
Tel : 03 - 7726 8866  
Fax : 03 - 7726 4430

## SHARE REGISTRARS

TRICOR INVESTOR SERVICES SDN BHD

Level 17, The Gardens North Tower,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur  
Tel : 03 - 2264 3883  
Fax : 03 - 2282 1886  
Email : is.enquiry@my.tricorglobal.com

## AUDITORS

ERNST & YOUNG

Chartered Accountants  
Level 23A, Menara Milenium,  
Jalan Damanlela, Pusat Bandar Damansara,  
Damansara Heights, 50490 Kuala Lumpur

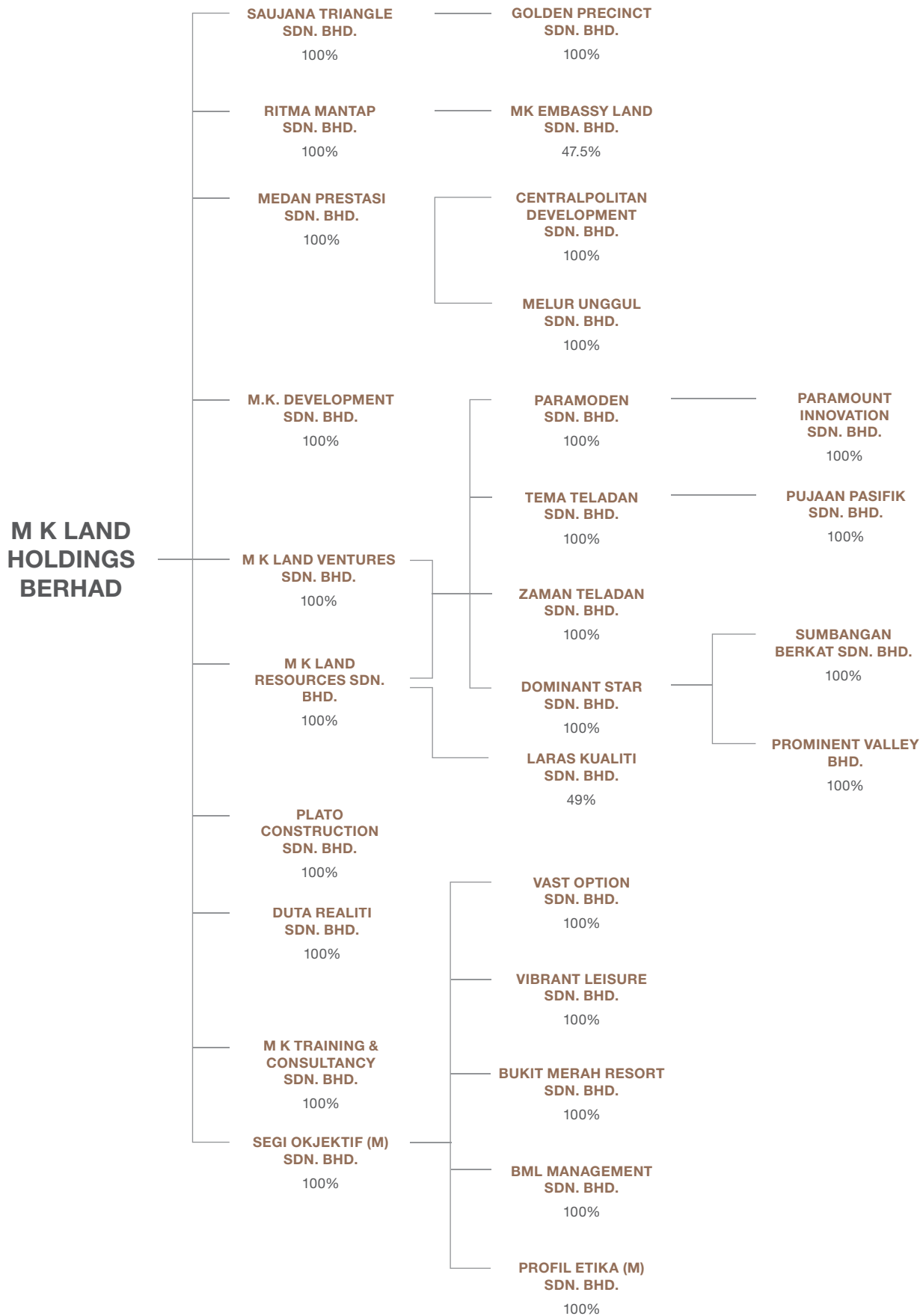
## PRINCIPAL BANKERS

ALLIANCE INVESTMENT BANK BERHAD  
AMBANK BERHAD  
BANK KERJASAMA RAKYAT MALAYSIA BERHAD  
BANK MUALAMAT MALAYSIA BERHAD  
CIMB BANK BERHAD  
MALAYAN BANKING BERHAD  
PUBLIC BANK BERHAD

## LISTING

BURSA MALAYSIA SECURITIES BERHAD  
MAIN MARKET

# CORPORATE STRUCTURE



# FINANCIAL HIGHLIGHTS

<b>MK Land Holdings Berhad 5-Year Financial Highlights</b>					
<b>RM'000</b>	<b>1.7.2006 to 30.6.2007</b>	<b>1.7.2007 to 30.6.2008</b>	<b>1.7.2008 to 30.6.2009</b>	<b>1.7.2009 to 30.6.2010</b>	<b>1.7.2010 to 30.6.2011</b>
Revenue	241,537	137,031	246,590	308,770	418,856
Profit/(loss) before tax	17,380	(65,291)	(25,629)	12,204	32,172
Net profit/(loss) after tax	10,804	(60,878)	18,013	11,012	18,960
Total assets	2,137,496	2,108,023	1,940,705	1,820,341	1,950,139
Net assets	1,047,105	977,575	995,945	1,006,957	1,055,657
Shareholders' fund	1,047,105	977,575	995,945	1,006,957	1,055,657
Total number of shares	1,204,290	1,204,290	1,204,590	1,204,590	1,204,590
Group's earnings/(loss) per share (sen)	1	(5)	1	1	2
Net assets per share (sen)	87	81	83	84	88







# *Serene*

A resort-style abode in a green and tranquil environment.

## DIRECTORS' PROFILE



Y. BHG. TAN SRI DATUK HJ. MUSTAPHA KAMAL BIN HJ. ABU BAKAR

Aged 62, Malaysian  
Non-Executive Chairman

**Tan Sri Datuk Hj. Mustapha Kamal** is the co-founder of the MK Land Group of Companies. Tan Sri was first appointed to the Board on 19 August 1999. He is a member of the Remuneration Committee. Tan Sri was the Executive Chairman until his resignation on 1 June 2011 to Non-Executive Chairman. Tan Sri is a firm believer of the philosophy "Together we make it happen".

After Tan Sri graduated from University Malaya, he started his career in 1970 as the Assistant District Officer and later rose to be the Deputy Commissioner of Lands & Mines for the Selangor State Government. He then moved into the private sector and became the Managing Director of Shah Alam Properties Sdn. Bhd. It was at this juncture that he harnessed the relevant skills, knowledge, experience and competence in property development and gained complete confidence to embark on his own business venture. In 1983, he formed the EMKAY Group of Companies.

Tan Sri contributes immensely towards the national and international property industry. In 2004, Tan Sri was appointed the "Professor Adjunct", a recognition given by the Universiti Utara Malaysia, Sintok, Kedah until March 2008. He sits on the Board of Trustees of Yayasan EMKAY, Bukit Merah Orang Utan Island Foundation, Perdana Leadership Foundation and Yayasan Bersamamu TV3. He is also the Advisor to Pulau Banding Foundation.

In recognition of his immense contribution, Tan Sri received numerous accolades during his illustrious career. He was awarded the Outstanding Entrepreneur of Selangor 1995 by the Malay Chamber of Commerce for the State of Selangor;

the FIABCI Property Man of The Year Award 1997 and the Construction Industry Outstanding Personality of The Year Award by the Construction Industry Development Board (CIDB) in 2001. He also received the Dewan Perniagaan Melayu Malaysia (DPMM) Fellowship Award 2002 from the D.Y.M.M. Yang Di-Pertuan Agong and the Anugerah Khas Tokoh Maal Hijrah 2003 from the Raja Muda of Perak. Tan Sri was also awarded the Platinum Award in 2005 by the Small Medium Industry Association of Malaysia and the Presidential Award 2006 from Malaysian Business Malay Chambers.

Tan Sri has interest in a number of privately-owned companies within the EMKAY Group of Companies some of which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of the Company. Except for certain recurrent related party transactions of a revenue nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which Tan Sri is deemed to be interested as disclosed under the notes to the Financial Statements in the Annual Report, there are no other business arrangements with the Company which he has personal interest. He has not been convicted of any offence within the past ten years.

Tan Sri attended all six (6) Board of Directors' Meetings held during the financial year ended 30 June 2011.

## DIRECTORS' PROFILE



Y. BHG. DATO' MOHAMAD NOR BIN MOHAMAD

Aged 79, Malaysian  
Independent Non-Executive Director

**Dato' Mohamad Nor** is an independent Non-Executive Director of M K Land Holdings Berhad. He was appointed to the Board on 19 August 1999. He is the Chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. Being a Senior Independent Non-Executive Director, he is also the Referral Director to whom investor concerns may be conveyed.

Dato' Mohamad Nor is a Fellow of the Institute of Chartered Accountants in England and Wales. He was a council member of Malaysian Institute of Accountants, Deputy President of Malaysian Institute of Certified Public Accountants, a council member of the ASEAN Federation of Accountants and a member of the Institute of Certified Public Accountants of Singapore.

Dato' Mohamad Nor started his career as the Treasury Accountant and Chief Accountant in RIDA (now known as MARA). He is the founding partner of Hanafiah Raslan & Mohamad (HRM), a public accounting firm established in 1964. From 1970 to 1990, he assumed the position of Chief Executive Officer in HRM and its merged entities. Prior to his retirement from practice in 1994, he was the Chairman of HRM and Arthur Andersen & Co., Malaysia.

In the public sector, Dato' Mohamad Nor is a council member of the Malaysian Industrial Development Authority (MIDA). He was appointed a Senator to the Malaysian Parliament and he served as a member of the Prime Minister's Working Committee to set up Permodalan Nasional Berhad (PNB) and Amanah Saham Nasional (ASN). He was the Chairman of the Lembaga Padi and Beras Negara (LPN). He also sat on the Boards of State Economic Development Corporation of Terengganu and of

Sarawak. Dato' Mohamad Nor sits on the Boards of a number of private limited companies. He was also the Chairman of the Boards of Bank Utama (Malaysia) Berhad, Utama Banking Group Berhad and Encorp Berhad and a Director of DRB-HICOM Holdings Berhad, HICOM Berhad, Great Wall Plastic Industries Berhad and Malaysian University of Science and Technology (MUST).

Dato' Mohamad Nor does not have any family relationship with any other Directors and/or major shareholders of the Company nor any business arrangement involving the company. He has not been convicted for offence within the past ten years.

Dato' Mohamad Nor attended all six (6) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2011.

## DIRECTORS' PROFILE



PN. HJH. FELINA BINTI TAN SRI DATUK HJ. MUSTAPHA KAMAL

Aged 40, Malaysian  
Executive Director

**Pn. Hjh. Felina Binti Tan Sri Datuk Hj Mustapha Kamal** is the Executive Director of the Group. She was first appointed to the Board on 19 January 2007. As an Executive Director of the Group, Pn. Hjh. Felina monitors the operations of the Group.

Pn. Hjh. Felina holds a Bachelor of Business Degree. Presently, she sits on the Boards of several private limited companies within the EMKAY Group of companies, some of which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of the Company. Prior to that, she had served as Senior General Manager of the Special Functions Department in M K Land Holdings Berhad.

Pn. Hjh. Felina is the daughter of Y.Bhg. Tan Sri Datuk Hj Mustapha Kamal Bin Hj Abu Bakar. She has not been convicted of any offence within the past ten years.

Pn. Hjh. Felina attended four (4) out of six (6) Board of Directors' Meetings held during her tenure as director in the financial year ended 30 June 2011.

## DIRECTORS' PROFILE



Y. BHG. DATUK KASI A/L K.L. PALANIAPPAN

Aged 53, Malaysian  
Non-Independent Non-Executive Director

**Datuk P. Kasi** is the co-founder of the M K Land Group of companies and was first appointed to the Board of the Company on 19 August 1999. He is now a Non-Independent Non-Executive Director and was appointed as member of the Audit Committee on 27 August 2009. Datuk P. Kasi's experience of more than 30 years in various capacities in the building and property industry and his technical and entrepreneurial skills add synergy to the business activities of the M K Land Group of Companies.

Datuk P. Kasi has a Bachelor's Degree in Architecture and is a registered architect with Lembaga Arkitek Malaysia and is a fellow of Pertubuhan Arkitek Malaysia. He is a corporate member of the Royal Institute of British Architects, the Association of Building Engineers, England as well as an Associate of the Royal Australian Institute of Architects. He is also a corporate member of the Chartered Institute of Arbitrators, Malaysian Institute of Arbitrators and the Malaysian Institute of Interior Design.

Datuk P. Kasi is involved in several professional and industry organisations where he shares his experience and knowledge for the benefit of the property and building industry, both local and international. Among others, he is a Past President's of the Pertubuhan Arkitek Malaysia (PAM), Past Chairman of the Balai Ikhtisas Malaysia (Malaysian Professional Centre), Past Chairman of the Architects Regional Council of Asia (ARCASIA), Past Chairman of the Building Industry President Council (BIPC), and a Board Member of Lembaga Arkitek Malaysia. He has been a Board Member of the Construction Industry Development Board (CIDB) and the Lembaga Jurutera Malaysia and Lembaga Perancang Bandar Malaysia. He also sits on the Board of the Credit Guarantee Corporation Berhad (CGC) and

Credit Bureau Malaysia (CBM).

The American Institute of Architects (AIA) has honoured him with a Presidential Medal in 2001 and Honorary Membership. Datuk P. Kasi was among the top nominees for the Ernst & Young Entrepreneur Award in 2002 and 2005 in the Master Entrepreneur Category. He has also been conferred several other entrepreneurial awards.

Datuk P. Kasi has interest in a number of privately-owned companies involved in property investment and property development. However, these companies are not in direct competition with the business of the Group.

Datuk P. Kasi does not have any family relationship with any other Directors and/or major shareholders of the Company nor any business arrangement involving the company. He has not been convicted of any offence within the past ten years.

Datuk P. Kasi attended all six (6) Board of Directors' Meetings held during the financial year ended 30 June 2011.

## DIRECTORS' PROFILE



MR. HONG HEE LEONG

Aged 54, Malaysian  
Independent Non-Executive Director

**Mr. Hong Hee Leong** was first appointed to the Board on 19 August 1999 as an Independent Non-Executive Director. Mr. Hong is a fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and a fellow member of the Chartered Tax Institute of Malaysia. He is also a chartered member of the Institute of Internal Auditors Malaysia.

Mr. Hong Hee Leong is a member of the Audit Committee and Chairman of the Nomination Committee and Remuneration Committee. Presently, he is in public practice as a Chartered Accountant. He also sits on the Board of Directors of several private limited companies. Prior to that, he served in various capacities with Fraser & Neave Limited, Asiatic Development Berhad, Worley Engineering International Ltd, Sanyo Sales & Service Sdn Bhd and Lim Ali & Co (now merged as Ernst & Young).

Mr. Hong does not have any family relationship with any other Directors and/or major shareholders of the Company nor any business arrangement involving the Company. He has not been convicted of any offence within the past ten years.

Mr. Hong attended all six (6) Board of Directors Meeting held during the financial year ended 30 June 2011.

## DIRECTORS' PROFILE



MS. ANITA CHEW CHENG IM

Aged 44, Malaysian  
Independent Non-Executive Director

**Ms. Anita Chew Cheng Im** was first appointed to the Board of M K Land Holdings Berhad on 19 February 2009 as an Independent Non-Executive Director and is a member of the Audit Committee.

Ms. Anita holds a Bachelor's Degree in Economics majoring in Accounting from Monash University, Australia.

She started her career as an Audit Assistant at KPMG, Melbourne in 1989. In 1992, she joined the corporate finance department of Bumiputra Merchant Bankers Berhad and subsequently worked at Alliance Investment Bank Berhad and HwangDbs Investment Bank Berhad.

She was involved in most areas of corporate finance during her 15 year tenure in the various investment banks, having advised clients on initial public offering (IPO), fund raising and corporate restructuring exercises. Her last held position at HwangDbs was Senior Vice President, Equity Capital Market.

She also sits on the Board and Audit committee of Ni-Hsin Resources Berhad and Notion Vtec Berhad, companies listed on Bursa Malaysia Securities Berhad.

Ms. Anita does not have any family relationship with any other Directors and/or major shareholders of the Company nor any business arrangement involving the Company. She has not been convicted of any offence within the past tens years.

Ms. Anita attended all six (6) Board of Directors' Meetings held during her tenure as director in the financial year ended 30 June 2011.

## DIRECTORS' PROFILE



PN. JULIANA HEATHER BINTI ISMAIL

Aged 53, Malaysian  
Independent Non-Executive Director

**Pn. Juliana Heather** was first appointed to the Board of M K Land Holdings Berhad on 21 December 2009 as an Independent Non-Executive Director. She is a member of the Nomination Committee and Remuneration Committee.

She started her career in 1984 as Admin Executive with Shah Alam Properties Sdn Bhd, a subsidiary company of Kumpulan Perangsang Selangor Berhad ("KPS"). KPS is a member/subsidiary company of Kumpulan Darul Ehsan Berhad Group ("KDEB Group").

She has acquired extensive working experience in her 25 years service with KDEB Group and has assumed various positions in Human Resources/Administration.

She was assigned to its holding company, Kumpulan Darul Ehsan Berhad in year 2000 and currently holds the position of Assistant General Manager, Group Human Resources/Administration.

Pn. Juliana was appointed as a panel member of the Industrial Court, representing employers, by the Minister of Human Resources Malaysia on 1 January 2007.

Pn. Juliana does not have any family relationship with any other Directors and/or major shareholders of the Company nor any business arrangement involving the Company. She has not been convicted of any offence within the past ten years.

Pn. Juliana attended all six (6) Board of Directors' Meetings held during financial year ended 30 June 2011.

## DIRECTORS' PROFILE



PN. HJH. FAZWINNA BINTI TAN SRI DATUK HJ. MUSTAPHA KAMAL

Aged 35, Malaysian  
Alternate Director to  
Pn. Hjh. Felina Binti Tan Sri Datuk Hj. Mustapha Kamal

**Pn. Hjh. Fazwinna Binti Tan Sri Datuk Hj. Mustapha Kamal** was first appointed to the Board on 12 February 2007 as alternate director to Pn. Hjh. Felina Binti Tan Sri Datuk Hj. Mustapha Kamal.

She is the Chief Executive Officer of MKN Motor Sports Sdn Bhd and ADK Motor Sports Sdn Bhd. She also sits on the Board of several private limited companies within the EMKAY Group of companies, some of which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of the Company. She has not been convicted of any offence within the past ten years.

Pn. Hjh. Fazwinna is the daughter of Y. Bhg. Tan Sri Datuk Hj. Mustapha Kamal Bin Hj. Abu Bakar. She attended two (2) out of six (6) Board of Directors' Meetings held during her tenure as alternate director to Pn. Hjh. Felina Binti Tan Sri Datuk Hj. Mustapha Kamal in the financial year ended 30 June 2011.



## GROUP CHIEF EXECUTIVE OFFICER



MR. LAU SHU CHUAN

Aged 51, Malaysian  
Group Chief Executive Officer

**Mr. Lau Shu Chuan**, aged 51, a Malaysian, was appointed as Group Chief Executive Officer of M K Land Holdings Berhad on 1 June 2011.

Mr. Lau is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

Mr. Lau has been with MK Land Group for the past 11 years. He held the position of Chief Operating Officer from September 2004 before assuming his present position.

Currently, Mr. Lau does not hold any directorship in other public companies.

Mr. Lau does not have any family relationship with any of the Directors and/or major shareholders of the Company nor has he any conflict of interests with the Company. He also has no conviction for offences within the past 10 years.

Currently, Mr. Lau does not have any interest in the securities of the Company and/or its subsidiaries for the financial year ended 30 June 2011

## GROUP MANAGEMENT



**FROM LEFT TO RIGHT**

Mr. Charles Duncan, Tuan Haji Mohd. Yusof Khalid, Pn. Salmah Awang, Mr. Lau Shu Chuan, Dr. Zulkifli Mohd. Isa, Dato' Annuar Yang Ghazali, Tuan Haji Kamarulzaman Abu Bakar, Mr. Krishnamoorthy A/L Kuppusamy

**MR. CHARLES DUNCAN**

Senior General Manager, Technical

**TUAN HAJI MOHD. YUSOF KHALID**

Senior General Manager

**PN. SALMAH AWANG**

Chief Executive, Bukit Merah Laketown  
Institute Of Allied Health Sciences

**MR. LAU SHU CHUAN**

Group Chief Executive Officer

**DR. ZULKIFLI MOHD. ISA**

Deputy Chief Operating Officer

**Y. BHG. DATO' ANNUAR YANG GHAZALI**

Senior General Manager, Group Hotel & Resort

**TUAN HAJI KAMARULZAMAN ABU BAKAR**

Group Senior General Manager

**MR. KRISHNAMOORTHY A/L KUPPUSAMY**

Senior General Manager, Group Sales & Marketing

**MR. WONG YOKE MENG, STEVEN**

Group Financial Controller

# GROUP MANAGEMENT



**FROM LEFT TO RIGHT**

En. Shamsul Adzmir Abdullah Halim Kamil, En. Ahmad Faisal Abdul Karim, En. Mustafa Kamal Hawari, En. Holil Dahalan, Y.Bhg Datin Hafizah Che Hassan, Pn. Nazlyn Hassan, Mr. Autar Singh A/L Gurdial Singh, En. Zulkipli Sidin, Tn. Hj. Shahairi Aziz

**EN. SHAMSUL ADZMIR ABDULLAH HALIM KAMIL**

Internal Audit Manager

**EN. AHMAD FAISAL ABDUL KARIM**

Company Secretary

**EN. MUSTAFA KAMAL HAWARI**

General Manager, Quality Assessment System In Construction

**EN. HOLIL DAHALAN**

General Manager, Property (Northern)

**Y.BHG DATIN HAFIZAH CHE HASSAN**

Head Of Academic, Bukit Merah Laketown  
Institute Of Allied Health Sciences

**PN. NAZLYN HASSAN**

Senior Manager, Group Human Resource

**MR. AUTAR SINGH A/L GURDIAL SINGH**

General Manager, Business Planning Unit

**EN. ZULKIPLI SIDIN**

General Manger, Cost Control

**TN. HJ. SHAHAIRI AZIZ**

General Manager, Land Matters

**MR. MICHAEL YAP KIM KEAT**

Financial Controller

# AUDIT COMMITTEE

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 30 June 2011.

## MEMBERSHIP

The present member of Audit Committee comprises of:-

### **Y. BHG. DATO' MOHAMAD NOR BIN MOHAMAD**

Chairman (Independent Non-Executive Director)

### **MR. HONG HEE LEONG**

Member (Independent Non-Executive Director)

### **Y. BHG. DATUK KASI A/L K.L. PALANIAPPAN**

Member (Non-Independent Non-Executive Director)

### **MS. ANITA CHEW CHENG IM**

Member (Independent Non-Executive Director)

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### 1. MEMBERSHIP

- 1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:
- a) the Committee must be composed of no fewer than three (3) members;
  - b) all members of the Audit Committee must be non-executive directors with a majority of the Committee being independent directors; and
  - c) at least one (1) member of the Committee:
    - i) must be a member of the Malaysian Institute of Accountants; or
    - ii) if he is not member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and:
      - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
      - he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
    - iii) fulfils such other requirements prescribed or approved by the Exchange.
- 1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.
- 1.3 No alternate director should be appointed as a member of the Committee.
- 1.4 In the event of any vacancy in the Committee resulting in the non-compliance of the listing requirement of the Exchange pertaining to composition of audit committee, the Board of Directors shall within three (3) months of that event fill the vacancy.
- 1.5 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

# AUDIT COMMITTEE

(CONT'D)

## 2. MEETINGS

### Frequency

Meetings shall be conducted at least 4 times in a year. Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

### Quorum

A quorum shall consist of a majority of independent directors.

### Secretary

The Secretary of the Company shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

### Attendance

Group Chief Executive Officer and Group Financial Controller, Head of Internal Audit and a representative of the external auditor shall normally be invited to attend the meetings. Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting. At least twice a year, the Committee shall meet with the external auditors without any executive Board members present.

### Reporting Procedure

The minutes of each meeting shall be circulated to all members of the Board.

### Meeting Procedure

The Committee shall regulate its own procedure, in particular:

- a) the calling of meetings;
- b) the notice to be given to such meetings;
- c) the voting and proceedings of such meetings;
- d) the keeping of minutes; and
- e) the custody, production and inspection of such minutes.

## 3. RIGHTS

The Committee in performing its duties shall be in accordance with a procedure to be determined by the Board of Directors:

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

# AUDIT COMMITTEE

(CONT'D)

- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with external auditors, internal auditors or both, excluding the attendance of other directors or employees, whenever deemed necessary.

## 4. FUNCTIONS

The Committee shall, amongst others, discharge the following functions:

### 4.1 To review:

- a) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  - i) the going concern assumption;
  - ii) changes in or implementation of major accounting policy changes;
  - iii) significant and unusual events; and
  - iv) compliance with accounting standards and other legal requirements.
- b) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions or management integrity.
- c) with the external auditors:
  - i) the audit plan;
  - ii) their evaluation of the system of internal controls;
  - iii) their audit report;
  - iv) their management letter and management's response;
  - v) the assistance given by the Company's employees to the external auditors.

### 4.2 To monitor the management's risk management practices and procedures.

### 4.3 In respect of the appointment of external auditors:

- a) to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- b) to consider the nomination of a person or persons as external auditors and the audit fees; and
- c) to consider any questions of resignation or dismissal of external auditors.

### 4.4 In respect of the internal audit function, the Audit Committee:

- a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

# AUDIT COMMITTEE

(CONT'D)

- b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- c) to review any appraisal or assessment of the performance of members of the internal audit function; and
- d) to be informed of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.5 To promptly report such matter to the Bursa Securities if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

4.6 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

## MEETINGS OF THE AUDIT COMMITTEE

During the financial year 30 June 2011, six (6) Audit Committee meetings were held and the details of the attendance of each member of the Committee are tabulated below:

No. of Meetings	Attended
Y. Bhg. Dato' Mohamad Nor bin Mohamad (Chairman)	6/6
Y. Bhg Datuk Kasi A/L K.L. Palaniappan	6/6
Mr. Hong Hee Leong	6/6
Ms. Anita Chew Cheng Im	6/6

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

Activities carried out by the Audit Committee during the year were as follows:

- i) Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan;
- ii) Reviewed the results of the audit, the audit report and the management letter, including management's response, with the external auditors;
- iii) Considered and recommended to the Board for approval of the audit fees payable to the external auditors as disclosed in the financial statements;
- iv) Considered the re-appointment of the external auditors and make recommendation to the shareholders for their approval;
- v) Reviewed the audited financial statements of the Group prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia;
- vi) Reviewed the Group's compliance in particular the quarterly and year-end financial statements with the Listing Requirements of the Bursa Malaysia Securities Berhad, approved accounting standards and other relevant legal and regulatory requirements;

# AUDIT COMMITTEE

(CONT'D)

- vii) Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval;
- viii) Reviewed the related party transactions entered into by the Group;
- ix) Reviewed the Audit Committee Terms of Reference to ensure consistency with the best practices as recommended in the Malaysian Code of Corporate Governance and the new Listing Requirements of the Bursa Malaysia Securities Berhad;
- x) Reviewed the internal audit department's resources, requirements, program and plan for the financial year under review;
- xi) Reviewed the internal audit reports, which highlighted the risk issues, recommendations and management's response; discussed the actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports, with management;
- xii) Recommended to the Board improvement opportunities in internal control, procedures and risk management; and
- xiii) Reviewed and approved the Statement of Internal Control for inclusion in the annual report and for compliance with regulatory requirement.

## INTERNAL AUDIT FUNCTION

The Group has established an Internal Audit Department ("IAD") to undertake the internal audit functions that would enable the Audit Committee to discharge its duties. The activities carried-out by IAD during the financial year ended 30 June 2011 include the following:-

- i) verifying financial records and related reports and statistic;
- ii) ensuring adherence to the general acceptable accounting policies;
- iii) reviewing and improving the system of internal control;
- iv) examining the extent to which resources have been managed with due regard to economy, efficiency and effectiveness;
- v) ensuring compliance with the approved Standard Operating Procedures; and
- vi) special assignments and reviews.

The scopes of work undertaken by IAD are broadly divided into four categories:

- i) financial;
- ii) operational audit - compliance;
- iii) special audit; and
- iv) operational audit - technical.

# AUDIT COMMITTEE

(CONT'D)

During the year, IAD has carried out, inter alia, the activities in accordance with the internal audit scope as tabulated below:

<b>Scope Of Audit</b>	<b>No. of Reports Issued</b>	<b>Percentage</b>
1 Financial	19	29%
2 Operational Audit – Compliance	21	32%
3 Special Audit	9	14%
4 Operational Audit – Technical	16	25%
<b>TOTAL</b>	<b>65</b>	<b>100%</b>

Any matter arising from the audit reviews have been addressed to the Chairman for corrective actions to be taken. However, the Internal Audit Department's ultimate line of reporting is to the Audit Committee.

During the year, the costs incurred for the internal audit function was RM292,176.00

# CORPORATE GOVERNANCE

The Board of Directors of M K Land Holdings Berhad (“M K Land”) recognizes that the exercise of good corporate governance in conducting the affairs of the M K Land Group with integrity, transparency and professionalism is key component for the Group’s continued progress and success as this would not only safeguard and enhance shareholders’ investment and value but ensure that the interests of other stakeholders are protected.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and 2 of the Malaysian Code of Corporate Governance (“Code”) respectively.

Steps taken by M K Land Group to apply the principles and best practices of Corporate Governance as contained in the Code are set out below:

## BOARD OF DIRECTORS

The Board comprises members from diverse professional backgrounds with a wide range of business and financial experience relevant to lead and manage the Group. The wide spectrum of skills and experiences gives added strength to the leadership, thus enabling the Group to rest firmly in the charge of an accountable and competent Board of Directors. A brief description of the background of each Director is presented from pages 12 to 19.

With effect from 1 June 2011, Y. Bhg. Tan Sri Datuk Hj. Mustapha Kamal bin Hj. Abu Bakar was re-designated from Executive Chairman to Non-Executive Chairman.

## BOARD COMPOSITION

The Board currently has seven (7) members comprising the Non-Executive Chairman, one (1) Executive Director, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors. Board meetings are presided by the Chairman.

The Executive Chairman is responsible for managing the businesses of the Group, the development and implementation of strategies adopted by the Board and the financial and operational performance of the Group. The Executive Chairman is assisted on the management of the business by the Executive Director. Effective from 1 June 2011, the Executive Chairman has been re-designated as Non-Executive Chairman and a new Group Chief Executive Officer (“GCEO”) have been appointed.

The Chairman is responsible to ensure the leadership, effectiveness, conducts and governance of the Board which includes:-

1. Provide leadership to the Board;
2. Ensure proper flow of information to the Board, to facilitate decision making on a timely manner;
3. Ensure that all relevant issues are on the agenda with inputs from Executive Director & GCEO;
4. Encourage all directors to play an active role in board activities;
5. Chair general meetings of the shareholders;

The Board under the leadership of the Chairman has the overall responsibility for the strategic direction of the Group.

# CORPORATE GOVERNANCE

(CONT'D)

The Non-Executive Directors bring a wide range of business and financial experience and have proven track record in the private and public service sectors vital to the success of the Group. They do not participate in the day to day management and do not engage in any business dealings or other relationship with the Group to ensure that they are capable of exercising judgment objectively and act in the Group's best interest. Together, they play an important role in ensuring that the strategies proposed by the management are fully deliberated and examined, taking into account the long term interest of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business.

Y. Bhg. Dato' Mohamad Nor Bin Mohamad is the Chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee and he has been identified and appointed as the Senior Independent Non-Executive Director to whom any concerns pertaining to the Group may be conveyed.

Mr. Hong Hee Leong is the Chairman of the Nomination Committee and the Remuneration Committee.

## BOARD MEETINGS

During the financial year ended 30 June 2011, six (6) Board meetings were held. Set out below is the record of attendance of the Board Members.

	<b>Attendance</b>
Y. Bhg. Tan Sri Datuk Hj. Mustapha Kamal Bin Hj. Abu Bakar (Chairman)	6/6
Pn. Hjh Felina binti Tan Sri Datuk Hj. Mustapha Kamal (Executive Director)	4/6
Y. Bhg. Dato' Mohamad Nor Bin Mohamad (Independent Non-Executive Directors)	6/6
Mr. Hong Hee Leong (Independent Non-Executive Directors)	6/6
Ms. Anita Chew Cheng Im (Independent Non-Executive Directors)	6/6
Pn. Juliana Heather Binti Ismail (Independent Non-Executive Directors)	6/6
Y. Bhg. Datuk Kasi a/l K.L. Palaniappan (Non-Independent Non-Executive Director)	6/6
Pn. Hjh Fazwinna binti Tan Sri Datuk Hj. Mustapha Kamal (Alternate Director) (Alternate to Pn. Hjh Felina binti Tan Sri Datuk Hj. Mustapha Kamal)	2/6

All the Directors have complied with the minimum 50% attendance requirement at Board Meeting during the financial year as stipulated by the Listing Requirements of Bursa Malaysia Securities Berhad.

## SUPPLY OF INFORMATION

Prior to each Board meeting, every director is given an agenda and a set of Board Papers for each agenda item to be deliberated. The Non-Executive Chairman and/or other senior managers will lead the presentation of board papers and provide comprehensive explanation of pertinent issues. Information provided to the Board goes beyond quantitative performance data to include other qualitative performances.

The Board Meetings are held regularly. The Board and its Committees have access to all information within M K Land Group pertaining to the Group's business and affairs. The Board is provided in advance with the agenda for every Board meeting, together with management reports and supporting documents for the Board's perusal. The Board is briefed in a timely manner on all matters requiring their deliberation and approval.

All directors are entitled to call for additional clarification and information to assist them in matters that require their decision. In arriving at any decision on recommendation by the Management, deliberation and discussion by the Board is a prerequisite. All proceedings of the Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provision of Section 156 of the Companies Act, 1965. Apart from quarterly and year end financial statements, a report of the Group's performance and progress is presented to the Board every quarter for the directors to be kept informed of the Group's state of affairs. The Board is also notified of any disclosures/announcements made to Bursa Malaysia.

# CORPORATE GOVERNANCE

(CONT'D)

For each financial year, the Board will review the Group's plan and budget for the forthcoming year. The plans and budgets are prepared by the respective Heads of Department and reviewed by the Executive Director and Group Chief Executive Officer before seeking the Board's approval. Whilst the Management reviews the budget results regularly, reports of the results and variances against the budget are presented to the Board for review every quarter. In furtherance of their duties as directors, whenever independent professional advice is required, external independent experts may be engaged at the Group's expense. All Directors have access to the advice and services of the Company Secretary.

## APPOINTMENT TO THE BOARD

The Malaysian Code on Corporate Governance endorses, as good practice, a formal procedure for appointments to the Board, with a nomination committee making recommendations to the Board.

The Board has adopted the best practice and the Nomination Committee has been given the responsibilities to recommend new appointments to the Board.

During the year, no new appointments were made to the Board.

## RE-ELECTION

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to retirement and re-election by the shareholders at the Annual General Meeting ("AGM") subsequent to their appointment. The Articles of Association also provides that one third of the Directors are subject to retirement by rotation and subsequent re-election at each AGM.

Directors over seventy (70) years of age shall retire at every AGM and may submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

## COMMITTEES

The Board delegates certain responsibilities to Board Committees, each with defined terms of reference and responsibilities and the Board receives reports of their proceedings and deliberations.

The Chairmen of the various committees report the outcome of the committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board of Directors' meetings.

### a. Audit Committee

The Audit Committee Report is detailed out in from pages 24 to 29 of the Annual Report.

### b. Nomination Committee

The Nomination Committee was established on 20 April 2001. This Committee is primarily responsible for the proposing of new nominees for the Board and for assessing the performance of the members of the Board on an on-going basis.

# CORPORATE GOVERNANCE

(CONT'D)

The members of the Nomination Committee are:

**Mr. Hong Hee Leong** (Chairman)  
Independent Non-Executive Director

**Y. Bhg. Dato' Mohamad Nor Bin Mohamad** (Member)  
Independent Non-Executive Director

**Pn. Juliana Heather Binti Ismail** (Member)  
Independent Non-Executive Director

The primary functions of the Nomination Committee are as follows:

- a) to determine the criteria for board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board;
- b) to review annually and recommend to the Board with regards to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experience, other qualities, core competencies which the non-executive directors should bring to the Board;
- c) to propose to the Board the responsibilities of non-executive directors, including membership and Chairmanship of Board Committees;
- d) to evaluate on an annual basis:
  - (i) each director's ability to contribute to the effectiveness of the Board and the relevant Board Committees and to provide the necessary feedback to directors in respect of their performance;
  - (ii) the effectiveness of the Committees of the Board; and
  - (iii) the effectiveness of the Board as a whole;
- e) to recommend to the Board whether directors who are retiring by rotation should be re-elected.
- f) to recommend to the Board, personnel to fill the very senior management position of M K Land Holdings Berhad

The Nomination Committee assesses the effectiveness of the Board as a whole, the Committee and the performance of each individual Director on annual basis.

The Nomination Committee also reviews and recommends to the Board the structure, size, balance and composition of the Board Committees.

During the financial year ended 30 June 2011, two (2) meetings for the Nomination Committee were held. Set out below is the record of attendance of the Nomination Committee.

Nomination Committee	Attendance
Mr. Hong Hee Leong (Chairman)	2/2
Y. Bhg. Dato' Mohamad Nor Bin Mohamad	2/2
Pn. Juliana Heather Binti Ismail ( <i>Appointed on 21 October 2010</i> )	1/1

# CORPORATE GOVERNANCE

(CONT'D)

## c. Remuneration Committee

The Remuneration Committee was established on 20 April 2001.

The members of the Remuneration Committee are:

**Mr. Hong Hee Leong** (Chairman)  
Independent Non-Executive Director

**Y. Bhg. Tan Sri Datuk Hj. Mustapha Kamal Bin Hj. Abu Bakar** (Member)  
Non-Executive Chairman

**Y. Bhg. Dato' Mohamad Nor Bin Mohamad** (Member)  
Independent Non-Executive Director

**Pn. Juliana Heather Binti Ismail** (Member)  
Independent Non-Executive Director

The Remuneration Committee is responsible for recommending to the Board the framework of executive remuneration and its costs, including the remuneration packages for the Executive Directors and the very senior management position. The Remuneration Committee also recommends the framework of fees payable to Non-Executive Directors. The Remuneration Committee may draw on the expertise of consultants before making recommendations to the Board. The final remuneration package offered to the Executive Directors and the very senior management fees payable to Non-Executive Directors are the responsibilities of the entire Board and individuals are required to abstain from discussion on their own remuneration.

During the financial year ended 30 June 2011, two (2) meetings for the Remuneration Committee were held. Set out below is the record of attendance of the Remuneration Committee.

Remuneration Committee	Attendance
Mr. Hong Hee Leong (Chairman)	2/2
Y. Bhg. Tan Sri Datuk Hj. Mustapha Kamal Bin Hj. Abu Bakar	2/2
Y. Bhg. Dato' Mohamad Nor Bin Mohamad	2/2
Pn. Juliana Heather Binti Ismail ( <i>Appointed on 21 October 2010</i> )	1/1

## DIRECTORS' REMUNERATION

### Level and Make-up

The company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of their remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

# CORPORATE GOVERNANCE

(CONT'D)

## DETAILS OF DIRECTORS' REMUNERATION

The details of the remuneration of the Directors, categorized into the appropriate components, for the financial year ended 30 June 2011 are as follows:

NAME OF DIRECTOR	BASIC SALARY & EPF RM	FEES RM	ALLOWANCES RM	BENEFITS- IN-KIND RM	TOTAL RM
Tan Sri Datuk Hj. Mustapha Kamal (redesignated as Non-Executive Chairman w.e.f. 1 June 2011)	4,926,600	60,000	301,500	137,500	<b>5,425,600</b>
Puan Hj. Felina Binti Tan Sri Datuk Hj. Mustapha Kamal	833,780	-	199,500	96,000	<b>1,129,280</b>
Dato' Mohamad Nor Bin Mohamad	-	126,000	25,500	-	<b>151,500</b>
Datuk Kasi A/L K.L. Palaniappan	-	84,000	19,500	-	<b>103,500</b>
Mr. Hong Hee Leong	-	84,000	25,500	-	<b>109,500</b>
Ms. Anita Chew Cheng Im	-	84,000	19,500	-	<b>103,500</b>
Puan Juliana Heather Ismail	-	84,000	13,500	-	<b>97,500</b>
Puan Hj. Fazwinna Binti Tan Sri Datuk Hj. Mustapha Kamal (Alternate Director to Puan Hj. Felina Binti Tan Sri Datuk Hj. Mustapha Kamal)	-	-	3,000	-	<b>3,000</b>
<b>TOTAL</b>	<b>5,760,380</b>	<b>522,000</b>	<b>607,500</b>	<b>233,500</b>	<b>7,123,380</b>

## CONTINUING BOARD DEVELOPMENT

Recognizing the demands of their role as Directors, the Directors of the Company continue to equip themselves with the relevant professional advancement particularly in the corporate regulatory developments and current developments of the industry. All directors have attended the Mandatory Accreditation Programme ("MAP") and they were also informed and encouraged to attend the professional programmes organised by various professional bodies. The Board will continue to evaluate and determine the training needs of its directors on an ongoing basis.

During the financial year ended 30 June 2011, Directors save for the Non-Executive Chairman, attended the training on "Understanding Revenue Recognition issues for Property Developers" conducted by Bursatra Sdn Bhd.

The Non-Executive Chairman, Executive Director, and Dato' Mohamad Nor also attended the Talk on "Intellectual Property Rights" conducted by Director General of Perbadanan Harta Intelek Malaysia held on 12 April 2011.

Ms Anita Chew attended the Governance Programme conducted by Bursa Malaysia under its Corporate Governance initiatives on 24 March 2011 title "Assessing the Risk and Control Environment".

# CORPORATE GOVERNANCE

(CONT'D)

## **DIALOGUE BETWEEN THE COMPANY AND INVESTORS**

The Group values dialogues with investors and financial research analysts. From time to time, the Executive Director and Senior Management meet with them to explain the Group's strategies, performances and major developments. The Company is mindful of the statutory and legal framework in relation to the disclosure of material information. The Annual General Meeting is used as a forum to inform the shareholders of current developments with an opportunity for shareholders to seek clarifications and provide feedback and comments to the Directors and Management for consideration. Timely announcements are also made to the public with regards to the Company's quarterly results, corporate proposals and other required announcements to ensure effective dissemination of information relating to the Company and that accurate information are provided to the investors.

## **ACCOUNTABILITY AND AUDIT**

### **Financial Reporting**

The Board aims to present a balanced and meaningful assessment of the Group's position and prospects, primarily through the annual financial statement, quarterly financial reporting to the shareholders as well as the Chairman's Statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

### **Director's Responsibility Statement in respect of the preparation of the Audited Financial Statement**

The Board is required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and the cash flows of the Group and of the Company for the year then ended.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them accordingly;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been appropriately and consistently adhered to; and
- prepared financial statements on the going concern basis as the directors have a reasonable expectation, having made appropriate enquiries, that the Group and the Company have the ability to continue operations in the foreseeable future.

The Board acknowledges the responsibility for ensuring that the Group keeps accounting records, which disclose with reasonable accuracy, the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have an overall responsibility to take such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

### **Statement of Internal Control**

Information on the Group's internal control is presented in the Statement of Internal Control in this Annual Report.

# CORPORATE GOVERNANCE

(CONT'D)

## **RELATIONSHIP WITH THE AUDITORS**

The Audit Committee works closely with external auditors and maintains a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The external auditors are invited to attend all Audit Committee Meetings when the Company's quarterly and annual financial results are considered. From time to time, the external auditors bring to the attention of the Audit Committee and Board of Directors matters of significant importance for due deliberation.

The Audit Committee met with the external auditors twice without the presence of the Executive Director and the Management.

## **ADDITIONAL COMPLIANCE INFORMATION**

Pursuant to the Listing Requirements of the Bursa Malaysia Securities Berhad, additional applicable disclosures by the Group are as follows:

### **Share Buy-back**

During the financial year ended 30 June 2011, the Company did not carry out any share buy-back. As at 30 June 2011, the cumulative total number of shares held as Treasury Shares was 2,671,600 shares. None of the Treasury Shares were resold or cancelled during the financial year.

### **Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major Shareholders' interest.

### **Revaluation Policy On Landed Properties**

The Group's revaluation policy on Landed Properties is disclosed in Notes 2.5 and 2.6 of the financial statements as set out in this Annual Report. This Statement was approved by the Board of Directors at the Board Meeting of **20 October 2011**.

# STATEMENT ON INTERNAL CONTROL

## INTRODUCTION

The Board of Directors is committed to maintain a sound system of internal control within the Group and is pleased to provide the following statement on internal control which outlines the nature and scope of internal control of the Group during the financial year ended 30 June 2011 in pursuant to the Paragraph 15.26 (b) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

## RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, it should be noted that such systems are designed to manage rather than eliminate risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or error.

The Board maintains ultimate responsibility over risk and control issues, it has empowered to the management the implementation of a system of internal control and risk management within an established framework that encompasses all the Companies in the group.

## RISK MANAGEMENT FRAMEWORK

The Board fully supports the guidelines as spelt out in the Statement on Internal Control: Guidance for Directors of Public Listed Companies and with the assistance of Group Internal Audit Department, continually review the adequacy and effectiveness of the risk management processes that are in place within the Group.

The Board believes that the function of sound system of internal control and risk management policies is built on a clear understanding and appreciation of the Group's risk management framework with the following key elements:-

- Effective and efficient risk management activities contribute to good corporate governance and are integral to the achievement of business objectives;
- Risk management should be embedded into day-to-day management processes and is extensively applied in decision-making and strategic planning;
- Risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimize threats; and
- Regular reporting and monitoring activities emphasize the accountability and responsibility for managing risk.

## RISK AND CONTROL PROCESS

The Board has implemented an organisational structure which clearly defined the lines of responsibility.

The key principles of the Group's internal control system are described below:-

- Clearly defined objectives and terms of reference of the various Committees established by the Board;
- Internal control procedures as set out in M K Land Holdings Berhad's Standard Operating Procedures for key operating units have been adopted Group-wide. This includes standard policies for the Management of Funds, Security & Safety and Environmental & IT Risk Management. The Board has a set of defined corporate values which emphasize teamwork and ethical behavior that have been communicated to all personnel within the Group;

# STATEMENT ON INTERNAL CONTROL

(CONT'D)

- A budgetary control system is in place whereby annual budgets are prepared by the respective operating units that are approved by the Board. Reviews of actual performance against budgets are regularly carried out, and the review encompasses both financial and non-financial key performance indicators;
- Regular financial and management information is provided to the Board, showing actual results against budgets for the month, quarter and year to date with projections for the financial year updated on a regular basis. Regular financial and management information is provided to the Board, showing actual results against budgets for the month, quarter and year to date with projections for the financial year updated on a regular basis;
- The Group, through its Training Department is on an on-going basis, compile, review and update the Standard Operating Procedures which involve key processes relating to the Property and Resort operations; and
- Clear Group vision, mission and strategic direction.

## INTERNAL AUDIT FUNCTION

The Group has a Group Internal Audit Department (GIAD) which reports independently to the Audit Committee. Its role is to provide the Board with the assurance it requires regarding the adequacy and integrity of internal control across the Group of Companies.

Internal Auditors independently reviews the internal control processes in the key activities of the Group's businesses by adopting a risk-based internal audit approach and reports directly to the Audit Committee. Reports on internal audit findings together with recommendations for Management actions are presented to the Audit Committee where it then reported to the Board of Directors by the Audit Committee on a quarterly basis or as appropriate.

For each financial year, GIAD prepares an Annual Audit Plan and presented it to the Audit Committee for their approval. The scope of work in the audit plan encompasses review of strategic plan, financial and operational activities within the Group.

The GIAD has completed the planned audits for the year and will closely monitor the implementation progress of its audit recommendations in order to ensure that all major risks and control concerns have been duly addressed by the Management. All internal audit reports together with the recommended action plans and their implementation status have been presented to the Management and Audit Committee.

## STATE OF INTERNAL CONTROL DURING THE PERIOD UNDER REVIEW

The Board is satisfied with the adequacy and integrity of the system of internal control and is committed through improving when necessary to further enhance the Group's system of internal control. The system of Internal Control of the Group is regularly reviewed by the Audit Committee and accords with the guidelines for directors on internal control, the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

This statement is made in accordance with the resolution of the Board of Directors dated **20 October 2011**.





# *Contemporary*

Modern, stylish, spacious and tastefully designed to enhance homeowners comfort.

## CHAIRMAN'S STATEMENT



Y. BHG TAN SRI DATUK HJ.  
MUSTAPHA KAMAL BIN HJ. ABU BAKAR

Non-Executive Chairman

Alhamdulillah, with the grace and blessings of Allah Subhanahuwataala, the most compassionate and merciful, on behalf of the Board of Directors of M K Land Holdings Berhad, I am pleased to report that, M K Land has recorded a net profit of RM18.96 million for the financial year ended 30 June 2011.

#### OPERATING ENVIRONMENT

The new year brought renewed confidence after a financially challenging year of 2009. While the Malaysian Economy registered a growth of more than 7% in year 2010 compared to the contraction experienced in the year 2009, there were still concerns over the sustainability of global recovery. The concerns are the debt crisis in Greece and other highly indebted countries in Europe. To promote growth, various measures were undertaken by the Malaysian Government including acceleration of projects under the 10th Malaysia Plan.

The Government's Economic Transformation Programme (ETP) launched in December 2010 gave a strong signal that the construction and real estate sector in Malaysia can remain optimistic despite a marked increase in building material and labour costs. The new 1Malaysia Housing Programme, which aims to provide affordable homes to moderate-income households, also represents an opportunity for the real estate sector.

The National Property Information Centre (NAPIC) reported that the take-up rate of newly launched residential units expanded to 13.5% in the first half of year 2011 (compared with 13.1% in the corresponding period last year) spurred by improved household incomes and better job prospects. Landed property prices in urban areas such as Selangor, Kuala Lumpur, Penang and Johor Bharu appreciated between 10% and 30% over a six-month period. The highest increase in prices was recorded for terraced and semi-detached houses.

On the supply side, the housing sector picked up strongly by 37.6% in the first half, with an increased number of housing projects especially in Selangor, Kuala Lumpur and Penang. Houses priced above RM500,000 dominated construction

activity and accounted for 20% to 50% of total launches, especially in urban centers such as Kuala Lumpur, Penang and Selangor. This suggested that housing developers were inclined to build high-end properties, particularly in urban areas due to local and foreign demands.

#### FINANCIAL AND OPERATIONS REVIEW

For the financial year under review, the Group's revenue advanced 35.7% to RM418.9 million as against RM308.8 million in 2010, driven mainly by the sales and construction progress of development properties in the Klang Valley.

On the back of higher revenue and lower finance costs, we achieved a significant growth in operating profit, which increased 43.6% to RM53.7 million in the financial year under review from RM37.4 million the previous year. We posted a profit after tax of RM18.96 million in year 2011, up 72.36% from RM11.0 million in 2010.

Paring down our gearing level, we managed to reduce total borrowings by RM128.9 million, to RM269.1 million from RM398.0 million the prior year. We have also strengthened our balance sheet through better operating profits and improved cash generation.

In Damansara Perdana, Petaling Jaya, we have successfully sold all the Rafflesia Semi-Detached bungalows that were launched during the financial year. During the same period, we have also handed over the Rafflesia Semi-Detached Bungalows Phase 1 to the purchasers.

The One Damansara Condominiums in Damansara Damai recorded a take-up rate of more than 90% at the end of the financial year.

In Meru Perdana, Ipoh, during the financial year, we have sold all the 297 units of single storey terrace houses launched.

#### STRATEGIC DEVELOPMENTS

In response to the adverse results posted in the financial year ended 30 June 2008, the Group launched a three-phase turnaround plan which, within a year, saw the Group turned from a loss making position into a profit generating position. M K Land then managed to turn in consecutive quarters of net profits beginning with the first quarter of financial year ended 30 June 2009.

During the financial year ended 30 June 2011, M K Land have implemented a Quality Assessment System in Construction (QLASSIC) which is a system or method to measure and evaluate the quality of workmanship of a construction work

# CHAIRMAN'S STATEMENT

(CONT'D)

based on the relevant approved standard, Vendor Development Programme designed to facilitate timely supply of materials with consistent quality via bulk purchase, introduced green features and incorporated the industrialised building system into our development properties. These are aimed to improve the quality of our products and delivery system.

On 1 June 2011, the appointment of Mr Lau Shu Chuan as Group Chief Executive Officer signalled a transformation from being an owner-led company to a professional-led company. Already a key member of our management team in his previous role of Chief Operating Officer, I am confident that Mr Lau's skills and experience will propel M K Land to greater heights. As part of the same initiative, my position was simultaneously re-designated from Executive Chairman to Non-Executive Chairman. Although I am playing the role of a Non-Executive Chairman, I am also taking an active role to address the strategic direction and business strategy of M K Land so as to ensure that the Group including the Board of Directors is focused to face future challenges.

## PROSPECTS

The construction sector is forecast to grow by 7% in 2012 from 3.4% in 2011, underpinned by large infrastructure projects and the housing sector. M K Land is optimistic of a better performance in the financial year 2012 given its condition and the higher public capital spending expected under the Economic Transformation Programme (ETP) and the 10th Malaysia Plan.

Besides this, various recent Government initiatives and proposals from the Budget 2012 could positively influence the property sector. Among them are the house price limit under the My First Home Scheme which is increased to RM400,000 and Real Property Gain Tax is revised to curb real estate speculative activities so as to avoid jeopardising people's ability to buy homes. In future, expatriates may be allowed to withdraw money from their Employee Provident Funds (EPF) account to buy houses.

Given these fundamentals, we expect sales growth to be driven by a resilient property market, the positive impact of Government policies and sales of our strategically located projects, especially in Damansara Perdana, Damansara Damai and Meru Perdana.

Over the next twelve months we shall launch new phases of Rafflesia semi-detached bungalow, Blocks B & C of Metropolitan Square condominium and Block B of One Damansara condominium in our Central region. Meanwhile, at Meru Perdana, in the State of Perak, we shall launch double storey link houses, semi-detached houses and shop offices.

I believe and I am confident that, by continuing the transformation process I started, the professional management team will be able to meet the challenges ahead and move M K Land to the next level of growth.

## CORPORATE SOCIAL RESPONSIBILITY

While focusing on building a sustainable business, we do not forget the important role we play as a responsible corporate citizen. As well as practising strong and transparent governance, we seek to have a positive impact on both communities and the environment.

To this end, in the year under review, we provided humanitarian aid for flood victims in Perlis, Kedah and Kelantan, and organised a joint clean-up exercise for the houses of disadvantaged residents of Jerlun, Kedah. In addition, we provided staff with subsidies to send their children to daycare centres, and offered our Muslim staff financial assistance to perform the Umrah.

Together with Majlis Bandaraya Petaling Jaya, we organised the Mountain Bike Challenge 2011 at Urban Park, Damansara Damai, to promote adventure sports.

Meanwhile, to create awareness of the importance of preserving our green environment, we organised the M K Land Green Hunt 2011 from Damansara Perdana to Bukit Merah Laketown Resort. Advocating healthy lifestyles, we also held a Green Fun Run and provided free health screenings for our staff.

## ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my heartfelt appreciation of the support and contribution made by our customers, investors, consultants, contractors, bankers, government authorities and all our other business partners.

To our management and staff, I offer my sincere gratitude for another twelve months of commitment and hard work.

Finally, on a personal note, I wish to extend my thanks to my fellow Board members for their unfailing support and advice.

**TAN SRI DATUK HAJI MUSTAPHA KAMAL BIN HAJI ABU BAKAR**

NON-EXECUTIVE CHAIRMAN

## PERUTUSAN PENGERUSI

Alhamdulillah, dengan nama Allah Subhanahuwataala, Tuhan Yang Maha Pengasih lagi Maha Penyayang, bagi pihak Lembaga Pengarah M K Land Holdings Berhad, saya dengan sukacitanya melaporkan bahawa, M K Land telah mencatat keuntungan bersih sebanyak RM18.96 juta bagi tahun kewangan berakhir pada 30 Jun 2011.

### LATAR BELAKANG OPERASI

Tahun baru membawa keyakinan baru selepas tahun 2009 yang mencabar. Semasa ekonomi Malaysia mencatatkan pertumbuhan lebih dari 7 % pada tahun 2010 berbanding penguncupan yang dialami pada tahun 2009, masih terdapat kebimbangan terhadap kemampuan pemulihan ekonomi di peringkat global. Kebimbangan tersebut berpunca dari krisis kewangan yang dialami oleh negara Greece dan kebanyakan negara-negara lain di Eropah. Untuk menggalakkan pertumbuhan ekonomi, pelbagai langkah telah diambil oleh Kerajaan Malaysia termasuk mempercepatkan projek-projek kerajaan di bawah Rancangan Malaysia Ke-10.

Program Transformasi Ekonomi Kerajaan (ETP) yang telah dilancarkan pada bulan Disember 2010 telah memberi isyarat yang jelas bahawa sektor pembinaan dan hartanah di Malaysia mampu kekal di tahap optimis meskipun terdapat peningkatan yang ketara dalam kos bahan binaan dan kos buruh. Program terbaru Perumahan 1Malaysia, yang bertujuan untuk menyediakan rumah mampu milik bagi golongan berpendapatan sederhana, turut memainkan peranan dalam mewujudkan peluang-peluang untuk sektor hartanah.

Jabatan Penilaian Dan Perkhidmatan Harta (NAPIC) melaporkan bahawa harga unit kediaman yang baru dilancarkan telah meningkat sebanyak 13.5% pada enam bulan pertama tahun 2011 (berbanding dengan 13.1% dalam tempoh yang sama pada tahun 2010) didorong oleh kenaikan pendapatan seisi rumah dan prospek kerja yang meningkat. Nilai hartanah di kawasan bandar seperti yang terdapat di Selangor, Kuala Lumpur, Pulau Pinang dan Johor Bharu telah mengalami kenaikan antara 10% dan 30% di dalam tempoh tersebut. Ini

merupakan kenaikan harga yang tertinggi dicatatkan untuk rumah teres dan berkembar.

Dari segi penawaran, sektor perumahan meningkat dengan kukuh sebanyak 37.6% pada enam bulan pertama, dengan peningkatan bilangan projek perumahan terutama di negeri Selangor, Kuala Lumpur dan Pulau Pinang. Rumah yang berharga RM500, 000 ke atas mendominasi aktiviti pembinaan dan telah menyumbang antara 20% ke 50% hasil dari pelancaran jualan, terutama di pusat-pusat bandar seperti di Kuala Lumpur, Pulau Pinang dan Selangor. Ini memperlihatkan bahawa pihak pemaju lebih cenderung untuk membina hartanah mewah, khususnya di kawasan-kawasan bandar berdasarkan kepada permintaan tempatan dan luar negara.

### KEWANGAN DAN TINJAUAN OPERASI

Bagi unjuran tahun kewangan yang dinilai, perolehan syarikat telah meningkat sebanyak 35.7% ke RM418.9 juta berbanding RM308.8 juta pada tahun 2010, didorong oleh hasil jualan dan kemajuan pembinaan bagi pembangunan hartanah di Lembah Klang.

Di sebalik perolehan yang lebih baik berbanding kos kewangan yang menurun, keuntungan operasi syarikat telah mencapai pertumbuhan iaitu peningkatan sebanyak 43.6% ke RM53.7 juta dalam unjuran tahun kewangan semasa berbanding RM37.4 juta yang direkodkan pada tahun sebelumnya. Syarikat telah mencatatkan keuntungan selepas cukai sebanyak RM18.96 juta dalam tahun 2011, meningkat sebanyak 72.36% dari RM11.0 juta pada tahun 2010.

Sebagai langkah pengurangan pinjaman, kami telah berjaya mengurangkan jumlah pinjaman sebanyak RM128.9 juta, penurunan ke RM269.1 juta dari RM398.0 juta pada tahun sebelumnya. Kami juga telah mengukuhkan kunci kira-kira kami melalui keuntungan operasi dan penjana tunai yang lebih baik.

Di Damansara Perdana, Petaling Jaya, M K Land telah berjaya menjual semua produk banglo berkembar Rafflesia yang telah dilancarkan pada tahun kewangan 2010. Dalam tempoh yang sama, kami juga telah menyerahkan unit-unit banglo berkembar Rafflesia Fasa 1 kepada para pembeli.

Kondominium One Damansara di Damansara Damai turut mencatatkan kadar pemilihan hartanah lebih dari 90% pada akhir tahun kewangan.

Kami juga telah menjual kesemua 297 unit rumah teres satu tingkat di Meru Perdana, Ipoh, bagi sepanjang tahun kewangan.

# PERUTUSAN PENGERUSI

(SAMB.)

## PERKEMBANGAN STRATEGIK

Sebagai tindak balas kepada kerugian yang direkodkan pada tahun kewangan berakhir 30 Jun 2008, pihak syarikat telah melancarkan pelan pemulihan Tiga Fasa di mana, di dalam tempoh setahun, M K Land telah melangkah dari mengalami kerugian ke posisi penjanaan keuntungan. M K Land seterusnya berjaya mengekalkan pertumbuhan keuntungan bersih bermula dengan suku pertama tahun kewangan 2009 dan suku-suku tahun berikutnya.

Bagi tahun kewangan berakhir 30 Jun 2011, M K Land telah melaksanakan Sistem Penilaian Kualiti dalam Pembinaan (QLASSIC) yang merupakan sistem atau kaedah untuk mengukur dan menilai mutu kualiti kerja-kerja pembinaan berdasarkan kepada piawai yang diluluskan, Program Pembangunan Vendor direka untuk memudahkan bahan-bahan binaan dibekalkan tepat pada masanya dengan kualiti yang konsisten melalui pembelian secara pukal, pengenalan ciri-ciri kehijauan dan pembangunan Sistem Bangunan Perindustrian atau IBS di dalam pembangunan hartanah kami. Kaedah-kaedah di atas bertujuan untuk meningkatkan kualiti produk kami dan memastikan produk kami diserahkan tepat pada masanya.

Pada 1 Jun 2011, perlantikan Encik Lau Shu Chuan sebagai Ketua Pegawai Eksekutif Kumpulan dilihat sebagai satu transformasi dari sebuah syarikat yang diterajui oleh pemilik kepada syarikat yang diterajui oleh golongan profesional. Berpengalaman sebagai Ketua Pegawai Operasi, saya yakin bahawa kemahiran dan pengalaman Encik Lau Shu Chuan dapat melonjakkan M K Land ke tahap yang lebih tinggi. Serentak dengan inisiatif tersebut, kedudukan saya berubah dari Pengerusi Eksekutif kepada Pengerusi Bukan Eksekutif. Walaupun hanya berperanan sebagai Pengerusi Bukan Eksekutif, saya masih aktif dalam menangani hala tuju strategik dan strategi perniagaan M K Land untuk memastikan syarikat ini termasuk Lembaga Pengarah memberi tumpuan yang khusus dalam menghadapi cabaran masa depan .

## PROSPEK

Sektor pembinaan dijangka akan berkembang sebanyak 7% pada tahun 2012 berbanding dari 3.4% pada tahun 2011, disokong oleh projek infrastruktur yang luas dan sektor perumahan. M K Land yakin prestasi syarikat akan lebih baik pada tahun kewangan 2012 berikutan keadaan dan perbelanjaan modal yang lebih tinggi dibawah jangkaan pelaksanaan Program Transformasi Ekonomi (ETP) dan Rancangan Malaysia Ke-10.

Di samping itu, pelbagai inisiatif terbaru kerajaan dan cadangan di dalam Belanjawan 2012 secara positif mampu mempengaruhi sektor hartanah. Di antaranya ialah had harga

rumah di bawah Skim Rumah Pertamaku yang telah meningkat kepada RM400, 000 dan Cukai Keuntungan Hartanah yang akan disemak semula untuk menangani aktiviti spekulasi hartanah bagi mengelakkan keupayaan rakyat untuk membeli rumah terjejas. Pada masa hadapan, pekerja warga asing juga turut dibenarkan untuk mengeluarkan wang mereka dari akaun Kumpulan Wang Simpanan Pekerja (KWSP) bagi tujuan pemilikan rumah.

Berpandukan kepada dasar-dasar tersebut, kami menjangkakan pertumbuhan dalam sektor jualan yang akan didorong oleh pasaran hartanah yang berdaya saing, kesan positif dari dasar-dasar kerajaan dan jualan projek-projek kami yang terletak di lokasi strategik, terutama di Damansara Perdana, Damansara Damai dan Meru Perdana.

Di dalam jangkamasa dua belas bulan yang akan datang, kami akan melancarkan fasa-fasa terbaru banglo berkembar Rafflesia, kondominium Metropolitan Square Blok B & C dan kondominium One Damansara Blok B. Ini ditambah dengan projek di Meru Perdana, di Ipoh, Perak, di mana kami akan melancarkan rumah teres dua tingkat, rumah berkembar dan kedai berpejabat.

Saya percaya dan yakin bahawa, dengan meneruskan proses transformasi yang telah saya mulakan, pengurusan syarikat yang kini diterajui oleh golongan profesional ini mampu untuk mengharungi cabaran-cabaran yang mendatang dan kelak memacu M K Land ke tahap pertumbuhan yang seterusnya.

## TANGGUNGJAWAB SOSIAL KORPORAT

Selain memberikan tumpuan kepada pembangunan sebuah perniagaan yang mampan, kami tidak melupakan peranan sebagai warga korporat yang bertanggungjawab. Di samping kami mengamalkan urustadbir yang mantap dan telus, kami turut berusaha untuk memberi impak positif kepada masyarakat dan alam sekitar.

Untuk mencapai matlamat tersebut, bagi unjuran tahun kewangan yang dinilai, kami telah menyalurkan bantuan kemanusiaan kepada mangsa-mangsa banjir di Perlis, Kedah dan Kelantan, dan majlis gotong-royong membersihkan rumah bagi penduduk miskin di Jerlun, Kedah. Di samping itu, kami juga telah memberi subsidi bagi kakitangan kami untuk menghantar anak-anak mereka ke pusat jagaan harian selain menawarkan bantuan kewangan bagi kakitangan yang beragama Islam untuk mengerjakan ibadah Umrah.

Bagi mempromosikan aktiviti sukan lasak, kami bersama Majlis Bandaraya Petaling Jaya telah menganjurkan "Mountain Bike Challenge 2011 " bertempat di Urban Park, Damansara Damai.

# PERUTUSAN PENGERUSI

(SAMB.)

Sementara itu, bagi mewujudkan kesedaran terhadap kepentingan pemeliharaan kehijauan alam sekitar, kami juga telah berjaya menganjurkan M K Land Green Hunt 2011 yang bermula daripada Damansara Perdana dan berakhir di Bukit Merah Laketown Resort. Selain daripada itu, di atas dasar menyokong gaya hidup secara sihat, kami juga telah mengadakan aktiviti “Green Fun Run” dan telah menyediakan pemeriksaan kesihatan secara percuma kepada para kakitangan kami.

## **PENGHARGAAN**

Bagi pihak Lembaga Pengarah, saya ingin merakamkan setinggi – tinggi penghargaan di atas sokongan dan sumbangan yang diberi oleh pelanggan, pelabur, perunding, kontraktor, panel bank, pihak berkuasa tempatan dan semua rakan kongsi perniagaan kami.

Kepada pihak pengurusan dan kakitangan, saya juga ingin merakamkan ucapan penghargaan ke atas komitmen dan kerja keras yang akan diberikan bagi dua belas bulan yang akan datang.

Di akhir kata, secara peribadi, saya ingin menyampaikan ucapan terima kasih kepada barisan ahli-ahli Lembaga Pengarah di atas sokongan dan nasihat yang berterusan.

**TAN SRI DATUK HAJI MUSTAPHA KAMAL BIN HAJI  
ABU BAKAR**

PENGERUSI BUKAN EKSEKUTIF

## CORPORATE CALENDAR



**8 December 2010**  
M K Land Holdings Berhad 31st Annual General Meeting.



**22 January 2011**  
Humanitarian aid for flood victims in Kelantan and Perlis.



**23 January 2011**  
Launching of Meru Perdana Phase 2.



**13 February 2011**  
Handing over of the Certificate of Fitness (CF) Terrace Houses at Taman Klebang Putra by the Mayor of Ipoh, Y. Bhg. Dato' Hj Roshidi B Hj Hashim.



**15 February 2011**  
Return to the wild at BJ Island.



**20 February - 1 March 2011**  
Malaysia Tourism promotion Board-India sales mission.



**20 March 2011**  
Mountain Bike Downhill Challenge 2011 at Urban Park 2, Damansara Damai.



**16 - 17 April 2011**  
M K Land Green Hunt 2011.

# CORPORATE CALENDAR

(CONT'D)



**7 May 2011**  
Handing over of Strata Title to Bayu Apartment Owners at Damansara Damai.



**16 May 2011**  
MOU signing ceremony for vendor development program.



**20 May 2011**  
Media briefing on the appointment of the Group Chief Executive Officer, Mr. Lau Shu Chuan.



**23 July 2011**  
Handing over of Strata Title to Impian Apartment Owners at Damansara Damai.



**12 August 2011**  
Break Fast with orphaned children and single mothers with Y. Bhg. Tan Sri Datuk Hj Mustapha Kamal B Hj Abu Bakar.



**11 September 2011**  
M K Land Family Day at NPNG Sports Centre, Damansara Damai.



**15 October 2011**  
2nd Convocation Ceremony of the Bukit Merah Laketown Institute of Allied Health Sciences.



**23 October 2011**  
Vacant Possession ceremony in Meru Perdana, Ipoh.





# *Community*

Parks, lakes and other communal facilities encourage a safe and healthy lifestyle.

# FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2011

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# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

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

## Results

	GROUP RM'000	COMPANY RM'000
Profit for the year	18,960	10,884

There were no material transfers to or from reserves or provisions during the financial year.

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

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the current 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:

Tan Sri Datuk Hj. Mustapha Kamal bin Hj. Abu Bakar

Datuk Kasi a/l K. L. Palaniappan

Dato' Mohamad Nor bin Mohamad

Hong Hee Leong

Hjh. Felina binti Tan Sri Datuk Hj. Mustapha Kamal

Anita Chew Cheng Im

Juliana Heather binti Ismail

Hjh. Fazwinna binti Tan Sri Datuk Hj. Mustapha Kamal

(alternate to Hjh. Felina binti Tan Sri Datuk Hj. Mustapha Kamal)

## 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.

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 as shown in Note 9 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the shares of the Company during the financial year were as follows:

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	1.7.2010	ACQUIRED	DISPOSED	30.6.2011
Tan Sri Datuk Hj. Mustapha Kamal bin Hj. Abu Bakar				
- direct	82,405,198	—	—	82,405,198
- indirect	488,252,718	—	—	488,252,718
Datuk Kasi a/l K. L. Palaniappan				
- direct	306,003,415	—	—	306,003,415

Tan Sri Datuk Hj. Mustapha Kamal bin Hj. Abu Bakar and Datuk Kasi a/l K. L. Palaniappan by virtue of their interests in the shares of the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

## TREASURY SHARES

As at 30 June 2011, the Company held as treasury shares a total of 2,672,000 of its 1,207,262,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,904,000, which is further disclosed in Note 23(b) to the financial statements.

## EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 29 November 2002. As at the reporting date and at the date of this report, the ESOS has yet to be implemented. Accordingly, no options have been granted at the reporting date.

The salient features of the ESOS are disclosed in Note 23(a) to the financial statements.

## OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

# DIRECTORS' REPORT

(CONT'D)

## OTHER STATUTORY INFORMATION (CONT'D.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability 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 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 dated 20 October 2011.

**Tan Sri Datuk Hj. Mustapha Kamal  
bin Hj. Abu Bakar**

**Dato' Mohamad Nor bin Mohamad**

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Datuk Hj. Mustapha Kamal bin Hj. Abu Bakar and Dato' Mohamad Nor bin Mohamad, being two of the directors of M K Land Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 59 to 110 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their results and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2011.

**Tan Sri Datuk Hj. Mustapha Kamal  
bin Hj. Abu Bakar**

**Dato' Mohamad Nor bin Mohamad**

## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Lau Shu Chuan, being the officer primarily responsible for the financial management of M K Land Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 59 to 110 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed Lau Shu Chuan  
at Kuala Lumpur in Wilayah Persekutuan  
on 20 October 2011

**Lau Shu Chuan**

Before me,

R. Vasugi Ammal, PJK (No: W480)  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M K LAND HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of M K Land Holdings Bhd., which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 59 to 110.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their financial performance and cash flows for the year then ended.

Without qualifying our opinion, we draw attention to the contingent liabilities in respect of taxes as disclosed in Note 33 to the financial statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M K LAND HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA)  
(CONT'D)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We 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.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## OTHER MATTERS

The supplementary information set out in Note 38 on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

### ERNST & YOUNG

AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
20 October 2011

### ABRAHAM VERGHESE A/L T.V. ABRAHAM

No. 1664/10/12(J)  
Chartered Accountant

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	NOTE	2011 RM'000	2010 RM'000
Revenue	4	418,856	308,770
Cost of sales	5	(260,572)	(195,908)
Gross profit		158,284	112,862
Other income		11,637	4,224
Administrative expenses		(51,630)	(47,256)
Selling and marketing expenses		(15,227)	(8,872)
Other expenses		(49,335)	(23,600)
Operating profit		53,729	37,358
Finance costs	6	(21,437)	(25,150)
Share of losses of associates		(120)	(4)
Profit before tax	7	32,172	12,204
Income tax expense	10	(13,212)	(1,192)
Profit after tax, representing total comprehensive income for the year		18,960	11,012
Basic earnings per share (sen)	11	1.6	0.9

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTE	2011 RM'000	2010 RM'000 RESTATED	2009 RM'000 RESTATED
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	144,953	148,121	154,333
Land held for property development	13(a)	585,249	639,788	597,461
Investment properties	14	178,347	178,477	179,342
Investment in associates	16	485	115	–
Other investment	17	–	4,000	4,000
Deferred tax assets	18	2,257	4,288	803
		911,291	974,789	935,939
<b>Current assets</b>				
Property development costs	13(b)	422,694	439,686	529,039
Inventories	19	119,088	126,678	143,405
Trade receivables	20	313,444	206,329	164,913
Other receivables	21	33,705	33,733	62,185
Tax recoverable		10,530	15,482	16,611
Cash and bank balances	22	139,387	23,644	88,613
		1,038,848	845,552	1,004,766
<b>Total assets</b>		1,950,139	1,820,341	1,940,705
<b>Equity and liabilities</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	23	1,207,262	1,207,262	1,207,262
Reserves		(151,605)	(200,305)	(211,317)
Total equity		1,055,657	1,006,957	995,945
<b>Non-current liabilities</b>				
Borrowings	25	41,459	130,722	169,089
Provision for liabilities	27	–	1,724	20,924
Long term payable	28	50,163	76,940	76,940
Deferred tax liabilities	18	28,488	27,388	22,299
		120,110	236,774	289,252
<b>Current liabilities</b>				
Borrowings	25	227,617	267,298	327,138
Trade payables	29	181,025	156,596	216,778
Provision for liabilities	27	51,807	34,627	16,999
Other payables	30	305,927	117,102	91,764
Tax payable		7,996	987	2,829
		774,372	576,610	655,508
<b>Total liabilities</b>		894,482	813,384	944,760
<b>Total equity and liabilities</b>		1,950,139	1,820,341	1,940,705

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	NON-DISTRIBUTABLE			RESERVES			TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	(ACCUMULATED LOSSES)/ DISTRIBUTABLE RETAINED PROFITS RM'000	MERGER DEFICIT ACCOUNT RM'000	TOTAL RESERVES RM'000	
<b>At 1 July 2010</b>	1,207,262	9,034	(1,904)	(19,283)	(188,152)	(200,305)	1,006,957
Effects of applying FRS 139	–	–	–	29,740	–	29,740	29,740
<b>At 1 July 2010 (as restated)</b>	1,207,262	9,034	(1,904)	10,457	(188,152)	(170,565)	1,036,697
Total comprehensive income	–	–	–	18,960	–	18,960	18,960
Transfer to merger deficit account	–	–	–	(29,417)	29,417	–	–
<b>At 30 June 2011</b>	1,207,262	9,034	(1,904)	–	(158,735)	(151,605)	1,055,657
<b>At 1 July 2009</b>	1,207,262	9,034	(1,904)	(30,295)	(188,152)	(211,317)	995,945
Total comprehensive income	–	–	–	11,012	–	11,012	11,012
<b>At 30 June 2010</b>	1,207,262	9,034	(1,904)	(19,283)	(188,152)	(200,305)	1,006,957

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	32,172	12,204
Adjustments for:		
Depreciation	6,705	6,903
Gain on disposal of property, plant and equipment	(37)	(953)
Share of losses of associates	120	4
Fair value adjustment on investment properties	130	945
Impairment of other investment	4,000	–
Provision for liabilities	25,537	7,602
Writeback of doubtful debts	–	(43)
Interest expense	21,437	25,150
Interest income	(1,291)	(162)
Operating profit before working capital changes	88,773	51,650
Decrease in property development costs and land held for property development	71,531	47,026
Decrease in inventories	7,590	16,727
Increase in receivables	(107,086)	(12,921)
Increase/(decrease) in payables	216,929	(32,081)
Cash generated from operations	277,737	70,401
Utilisation of provision for liabilities	(10,268)	(9,174)
Interest paid	(21,467)	(27,159)
Net taxes refund/(paid)	1,354	(301)
Net cash generated from operating activities	247,356	33,767
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	38	2,798
Purchase of property, plant and equipment	(3,538)	(2,536)
Purchase of investment properties	–	(80)
Investment in associates	(460)	(119)
Interest received	1,291	162
Net cash (used in)/generated from investing activities	(2,669)	225
<b>Cash flows from financing activities</b>		
Drawdown from hire purchase facilities	–	591
Repayment of bonds	–	(60,000)
Net repayment of term loans and revolving credits	(82,828)	(33,202)
Repayment of hire purchase payables	(143)	(137)
Net cash used in financing activities	(82,971)	(92,748)
<b>Net increase/(decrease) in cash and cash equivalents</b>	161,716	(58,756)
<b>Cash and cash equivalents at beginning of financial year</b>	(105,332)	(46,576)
<b>Cash and cash equivalents at end of financial year (note 22)</b>	56,384	(105,332)

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

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	NOTE	2011 RM'000	2010 RM'000
Revenue	4	38,668	34,921
Other income		4,991	6,139
Administrative expenses		(17,603)	(17,808)
Other expenses		(4,769)	(1,068)
Operating profit		21,287	22,184
Finance costs	6	(8,988)	(10,606)
Profit before tax	7	12,299	11,578
Income tax expense	10	(1,415)	(771)
Profit after tax, representing total comprehensive income for the year		10,884	10,807

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTE	2011 RM'000	2010 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	415	612
Investments in subsidiaries	15	1,923,305	1,923,305
Other investment	17	–	4,000
Deferred tax assets	18	1,023	34
		1,924,743	1,927,951
<b>Current assets</b>			
Other receivables	21	262	270
Due from subsidiaries	31	426,745	348,065
Tax recoverable		776	6,145
Cash and bank balances	22	15,520	1,902
		443,303	356,382
<b>Total assets</b>		2,368,046	2,284,333
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	23	1,207,262	1,207,262
Reserves		768,582	757,698
Total equity		1,975,844	1,964,960
<b>Non-current liability</b>			
Borrowings	25	1,151	45,219
<b>Current liabilities</b>			
Borrowings	25	100,537	75,134
Other payables	30	12,028	9,093
Due to subsidiaries	32	278,486	189,927
		391,051	274,154
<b>Total liabilities</b>		392,202	319,373
<b>Total equity and liabilities</b>		2,368,046	2,284,333

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	RESERVES					TOTAL RESERVES RM'000	TOTAL EQUITY RM'000
	NON-DISTRIBUTABLE			DISTRIBUTABLE RETAINED PROFITS (NOTE 24) RM'000			
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER RESERVE RM'000	TREASURY SHARES RM'000			
<b>At 1 July 2010</b>	1,207,262	9,034	636,856	(1,904)	113,712	757,698	1,964,960
Total comprehensive income	-	-	-	-	10,884	10,884	10,884
<b>At 30 June 2011</b>	1,207,262	9,034	636,856	(1,904)	124,596	768,582	1,975,844
<b>At 1 July 2009</b>	1,207,262	9,034	636,856	(1,904)	102,905	746,891	1,954,153
Total comprehensive income	-	-	-	-	10,807	10,807	10,807
<b>At 30 June 2010</b>	1,207,262	9,034	636,856	(1,904)	113,712	757,698	1,964,960

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	12,299	11,578
Adjustments for:		
Amortisation of discount on bonds charged to subsidiaries	–	(156)
Depreciation	223	342
Impairment of other investment	4,000	–
Gain on disposal of property, plant and equipment	–	(70)
Gross dividends from subsidiaries	(15,000)	(10,500)
Interest expense	8,988	10,606
Interest income	(4,795)	(5,716)
Operating profit before working capital changes	5,715	6,084
Decrease in other receivables	8	159
Decrease in due from subsidiaries (trade)	753	1,621
Increase in other payables	2,935	3,543
Cash generated from operations	9,411	11,407
Interest paid	(3,548)	(12,054)
Tax refunded	6,070	4,360
Net cash generated from operating activities	11,933	3,713
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(26)	(468)
Proceeds from disposal of property, plant and equipment	–	83
Investment in a subsidiary	–	(1)
Dividends received	11,250	–
Net cash generated from/(used in) investing activities	11,224	(386)
<b>Cash flows from financing activities</b>		
Drawdown from hire purchase facilities	–	276
Receipts from subsidiaries (non trade)	9,126	7,875
Repayment of bonds	–	(60,000)
Repayment of term loans and revolving credits	(5,000)	(13,999)
Repayment of hire purchase payables	(63)	(3)
Net cash generated from/(used in) financing activities	4,063	(65,851)
<b>Net increase/(decrease) in cash and cash equivalents</b>	27,220	(62,524)
<b>Cash and cash equivalents at beginning of financial year</b>	(49,175)	13,349
<b>Cash and cash equivalents at end of financial year (note 22)</b>	(21,955)	(49,175)

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 19, Jalan PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and the provision of management services. The principal activities of the subsidiaries are described in Note 15. There have been no significant changes in the nature of these 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 dated 20 October 2011.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### 2.2 Changes in accounting policies

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

On 1 July 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for financial periods beginning on or after 1 July 2010.

FRS 3 Business Combinations (Revised)  
 FRS 7 Financial Instruments: Disclosures  
 FRS 8 Operating Segments  
 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 5 Non-current Assets Held for Sale and Discontinued Operations  
 Amendments to FRS 132 Financial Instruments: Presentation  
 Amendments to FRS 138 Intangible Assets  
 Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives  
 Improvements to FRS issued in 2009  
 IC Interpretation 9 Reassessment of Embedded Derivatives  
 IC Interpretation 10 Interim Financial Reporting and Impairment  
 Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Changes in accounting policies (cont'd.)

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

#### FRS 7 Financial Instruments: Disclosures

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

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

#### FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performances. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 37 to the financial statements.

#### FRS 101 Presentation of Financial Statements (revised)

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

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital (Note 36).

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Changes in accounting policies (cont'd.)

#### FRS 139 Financial Instruments: Recognition and Measurement

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

- Long term payable

This relates to the amount payable for land acquired by a subsidiary, M K Development Sdn. Bhd. via a Privatisation Agreement with the Government of Perak. Payments are to be made according to the progress of development undertaken by that subsidiary.

Prior to 1 July 2010, the amount was recorded at cost in the financial statements of the Group. Upon the adoption of FRS 139, the amount due to the Government are recorded initially at its fair value which is lower than cost. Subsequent to initial recognition, the amount is measured at amortised cost. As at 1 July 2010, the Group has remeasured the amount to its amortised cost of RM46,800,417. The adjustments to its previous carrying amount is recognised as adjustment to the opening balance of retained profits as at 1 July 2010.

The following are the effects arising from the above change in accounting policies:

	<b>(DECREASE)/INCREASE AS AT 1 JULY 2010 RM'000</b>
<b>Consolidated statement of financial position</b>	
Long term payable	(29,740)
Retained profits	29,740
<b>Consolidated statements of comprehensive income</b>	
Finance cost	3,304
Profit before tax	(3,304)

#### Amendments to FRS 117 Leases

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Changes in accounting policies (cont'd.)

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

The following comparative figures have been restated:

	AS PREVIOUSLY STATED RM	INCREASE/ (DECREASE) RM	AS RESTATED RM
<b>Consolidated statement of financial position</b>			
<b>As at 30 June 2010</b>			
Property, plant and equipment	118,246	29,875	148,121
Prepaid land lease payments	29,875	(29,875)	–
<b>As at 30 June 2009</b>			
Property, plant and equipment	122,495	31,838	154,333
Prepaid land lease payments	31,838	(31,838)	–

### 2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

#### Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfer of Assets from Customers

#### Effective for financial periods beginning on or after 1 July 2011:

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

#### Effective for financial periods beginning on or after 1 January 2012:

FRS 124	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Standards issued but not yet effective (cont'd.)

#### Improvements to FRS

The Improvements to FRS comprised of amendments to the following FRS that are effective for financial periods beginning on or after 1 January 2011:

FRS 1	First Time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 128	Investment in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 139	Financial Instruments: Recognition and Measurement

### 2.4 Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries, which were consolidated prior to 1 July 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.

- (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. Negative goodwill is recognised immediately in the statement of comprehensive income.
- (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 is treated as merger reserve or merger deficit.

### 2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.5 Property, plant and equipment (cont'd.)

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates it over its useful life. Likewise, when a major replacement occurs, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

A revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase has been recognised. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is subsidised to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained profits on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and resort properties	2% - 33%
Cutlery and kitchen utensils	33%
Furniture, fixtures and fittings	10% - 25%
Plant and machinery	10% - 25%
Computers and office equipment	10% - 40%
Renovation	10% - 20%
Motor vehicles	20% - 25%
Golf and recreational equipment	10% - 20%

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

### 2.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. 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 included in the statement of comprehensive income in the year in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.6 Investment properties (cont'd.)

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 gain or loss on the retirement or disposal of an investment property is recognised in the statement of comprehensive income in the year of retirement or disposal.

### 2.7 Impairment of non-financial assets

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

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

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

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

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

### 2.8 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment.

### 2.9 Associates

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

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of 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 for the period in which the investment is acquired.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.9 Associates (cont'd.)

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

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

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

### 2.10 Financial assets

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

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

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

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

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

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

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

As at reporting date, the Group and the Company do not have any financial asset at fair value through profit or loss.

#### b) Loans and receivables

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.10 Financial assets (cont'd.)

#### c) Held-to-maturity investments

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

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

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

As at reporting date, the Group and the Company do not have any held-to-maturity investments.

#### d) Available-for-sale financial assets

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

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

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

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

As at reporting date, the Group and the Company do not have any available-for-sale financial assets.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.11 Impairment of financial assets

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

#### **Trade and other receivables and other financial assets carried at amortised cost**

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

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

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

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

### 2.12 Cash and cash equivalents

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

### 2.13 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 to the estimated total contract costs.

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.13 Construction contracts (cont'd.)

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

### 2.14 Land held for property development and property development costs

#### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be 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 statement of comprehensive income 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 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 statement of comprehensive income over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the statement of comprehensive income is classified as progress billings within trade payables.

### 2.15 Inventories

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

Cost is determined using either the specific identification or weighted average method, where applicable. The cost of unsold completed properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs. Cost of other inventories comprises costs of purchase.

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.16 Provisions

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

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

### 2.17 Financial liabilities

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

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

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

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

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

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

#### (b) Other financial liabilities

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.18 Borrowing costs

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

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

### 2.19 Employee benefits - defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.20 Leases

#### (a) As lessee

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

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

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

#### (b) As lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(g).

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

**(a) Sale of development properties**

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

**(b) Sale of completed properties**

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risks and rewards of ownership to the buyer.

**(c) Sale of land**

Revenue relating to sale of land is recognised upon the transfer of significant risks and rewards of ownership to the buyer.

**(d) Revenue from resort operations**

Revenue from rental of rooms, sale of food and beverage and other related income are recognised on an accrual basis.

**(e) Sale of goods**

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(f) Revenue from services**

Revenue from services rendered is recognised, net of services taxes and discounts, when the services are performed.

**(g) Rental income**

Income from the rental of property is recognised on an accrual basis in accordance with the terms of the agreements.

**(h) Dividend income**

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

**(i) Interest income**

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

**(j) Management fees**

Management fees are recognised when services are rendered.

**(k) Education fees**

Tuition fees are recognised on an accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.22 Income taxes

#### (a) Current tax

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

Current taxes are recognised in the statement of comprehensive income except to the extent that the tax relates to items recognised either in other comprehensive income or directly in equity.

#### (b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor the taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor the taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items not recognised in the statement of comprehensive income is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 3. Significant accounting judgements and estimates

### 3.1 Key sources of estimation uncertainty

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

#### (a) Property development

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

Significant judgement is required in determining the stage of completion, 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.

When the finalised total actual revenue and cost incurred are different from the estimates, these differences will have an impact on the profit and loss of the various projects. Such differences are recognised in the statement of comprehensive income immediately.

#### (b) Liquidated ascertained damages ("LAD")

The Group had provided LAD for properties which have yet to be completed on time. The provision of LAD is based on past experience. Any change, either in the expected time of completion of a particular development or the estimated payout or both, could impact the provision for LAD.

LAD income are recognised to the extent that the economic benefits will flow to the Group and the amount can be reliably measured.

#### (c) Investment properties

The Group has developed criterias 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.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property. Accordingly, any gain arising from the disposal of investment properties should be assessed under Real Property Gains Tax Act, 1976.

#### (d) Contingent liabilities

The Group determines whether an obligation in relation to a contingent liability exists at the reporting date by taking into account all available evidence, including, the opinion of experts. The evidence considered includes any additional evidence provided by events after the reporting date. On the basis of such evidence, the Group evaluates if the obligation needs to be recognised in the financial statements. Further details of the contingent liability involving the Group are disclosed in Note 33.

#### (e) Receivables

The Group evaluates the collectability of receivables and records provisions for doubtful receivables based on historical collection pattern. These provisions are based on, amongst other things, comparisons of the relative age of accounts and consideration of actual write-off history. The actual level of receivables collected may differ from the estimated levels of provision which could impact operating results positively or negatively.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

### 3.1 Key sources of estimation uncertainty (cont'd.)

#### (f) Impairment of investment

At reporting date, the Group and the Company determine whether the carrying amounts of their investments are impaired. This involves measuring the recoverable amounts which included fair value less cost to sell and valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts.

In performing discounted cash flow analysis, discount rate and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The growth rates used to forecast the projected cash flow for the following year approximate the performances of the respective investments.

#### (g) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total unrecognised deferred tax assets of the Group is RM 38,741,000 (2010: RM31,190,000).

## 4. REVENUE

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue from property development	213,616	221,727	–	–
Sale of completed properties	7,581	30,736	–	–
Sale of land	142,000	–	–	–
Revenue from resort operations	44,234	43,649	–	–
Educational services	11,425	12,658	–	–
Gross dividends from a subsidiary	–	–	15,000	10,500
Management fees from subsidiaries	–	–	23,668	24,421
	418,856	308,770	38,668	34,921

## 5. COST OF SALES

Cost of sales comprise property development cost, cost of completed properties sold, cost of land sold, cost of resort and education operations.

Included in the cost of sales are the followings:-

	GROUP	
	2011 RM'000	2010 RM'000
Property development costs (Note 13(b))	128,813	148,670
Cost of completed properties sold	5,158	26,454
Cost of land sold	92,359	–

# NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

## 6. FINANCE COSTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amortisation of discount on bonds	–	372	–	372
Interest expense on:				
– bonds	5	890	–	681
– other borrowings	30,551	26,957	8,988	9,553
	30,556	28,219	8,988	10,606
Less: Amount capitalised in land held for property development/ property development costs (Note 13(b))	(9,119)	(3,069)	–	–
	21,437	25,150	8,988	10,606

## 7. PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000 RESTATED	2011 RM'000	2010 RM'000
Employee benefits expense (Note 8)	28,411	38,231	8,867	8,545
Non-executive directors' remuneration (Note 9)	566	615	566	615
Auditors' remuneration				
– Statutory audit	306	306	56	56
Depreciation (Note 12)	6,705	6,904	223	342
Gain on disposal of property, plant and equipment	(37)	(953)	–	(70)
Fair value adjustment on investment properties (Note 14)	130	945	–	–
Amortisation of discount on bonds charged to subsidiaries	–	–	–	(156)
Interest income				
– from deposits	(1,291)	(162)	–	–
– charged to subsidiaries	–	–	(4,795)	(5,716)
Writeback of doubtful debt	–	(43)	–	–
Provision for liabilities (Note 27)	25,537	7,602	–	–
Rental expense	384	238	572	585
Rental income	(2,085)	(1,594)	–	–

## 8. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	22,929	28,060	6,944	7,512
Pension costs - EPF	2,473	3,426	964	861
Social security costs	223	376	44	46
Other staff benefits	2,786	6,369	915	126
	28,411	38,231	8,867	8,545

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM6,036,000 (2010: RM5,791,000) as further disclosed in Note 9.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 9. DIRECTORS' REMUNERATION

	GROUP AND COMPANY	
	2011	2010
	RM'000	RM'000
<b>Directors of the Company</b>		
Executive:		
Salaries and other emoluments	5,086	4,866
Pension costs - EPF	950	925
	6,036	5,791
Benefits-in-kind	521	526
	6,557	6,317
Non-Executive:		
Fees and other emoluments	462	429
Allowances	104	186
	566	615
Total	7,123	6,932

The details of the remuneration of the directors (excluding benefit-in-kind) of the Company are as follows:

	GROUP AND COMPANY	
	2011	2010
	RM'000	RM'000
Tan Sri Datuk Hj. Mustapha Kamal bin Hj. Abu Bakar ("Tan Sri MK")	5,000	4,949
Datuk Kasi a/l K. L. Palaniappan ("Datuk P. Kasi")	104	113
Dato' Mohamad Nor bin Mohamad ("Dato' Mohamad Nor")	152	165
Hong Hee Leong	110	126
Hjh. Felina binti Tan Sri Datuk Hj. Mustapha Kamal ("Felina")	1,036	892
Anita Chew Cheng Im	104	108
Juliana Heather binti Ismail	96	53

## 10. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Charge for the year	11,485	1,754	4,207	3,116
Over provided in prior years	(1,404)	(2,166)	(1,803)	(2,862)
	10,081	(412)	2,404	254
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(55)	(1,523)	(1,032)	(28)
Underprovided in prior years	3,186	3,127	43	545
	3,131	1,604	(989)	517
	13,212	1,192	1,415	771

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 10. INCOME TAX EXPENSE (CONT'D.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before tax 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:

	2011 RM'000	2010 RM'000
<b>Group</b>		
Profit before tax	32,172	12,204
Taxation at Malaysian statutory tax rate of 25% (2010:25%)	8,043	3,051
Expenses not deductible for tax purposes	1,499	1,478
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	3,422	1,077
Deferred tax assets recognised in respect of current year's tax losses and unabsorbed capital allowances	(1,534)	(5,375)
Underprovision of deferred tax in prior years	3,186	3,127
Overprovision of income tax expense in prior years	(1,404)	(2,166)
Income tax expense for the year	13,212	1,192
<b>Company</b>		
Profit before tax	12,299	11,578
Taxation at Malaysian statutory tax rate of 25% (2010:25%)	3,075	2,895
Expenses not deductible for tax purposes	100	193
Underprovision of deferred tax in prior years	43	545
Overprovision of income tax expense in prior years	(1,803)	(2,862)
Income tax expense for the year	1,415	771

## 11. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	GROUP	
	2011	2010
Profit for the year (RM'000)	18,960	11,012
Weighted average number of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	1.6	0.9

No item, transaction or event has arisen in the interval between the end of the financial year and the date of this report which has dilutive effect on the ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 12. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	OTHERS # RM'000	TOTAL RM'000
<b>Group</b>						
<b>At 30 June 2011</b>						
<b>Cost/valuation</b>						
At 1 July 2010:						
As previously stated	1,400	–	128,844	18,331	44,883	193,458
Effects of the amendments to FRS 117	–	33,402	–	–	–	33,402
As restated	1,400	33,402	128,844	18,331	44,883	226,860
Additions	–	–	977	237	2,324	3,538
Disposal	–	–	–	–	(198)	(198)
At 30 June 2011	1,400	33,402	129,821	18,568	47,009	230,200
Representing:						
At cost	1,400	33,402	29,086	18,568	47,009	129,465
At valuation	–	–	100,735	–	–	100,735
At 30 June 2011	1,400	33,402	129,821	18,568	47,009	230,200
<b>Accumulated depreciation</b>						
At 1 July 2010:						
As previously stated	–	–	19,416	17,186	38,610	75,212
Effects of the amendments to FRS 117	–	3,527	–	–	–	3,527
As restated	–	3,527	19,416	17,186	38,610	78,739
Depreciation charge for the year	–	395	3,902	696	1,712	6,705
Disposal	–	–	–	–	(197)	(197)
At 30 June 2011	–	3,922	23,318	17,882	40,125	85,247
<b>Net carrying amount</b>						
At cost	1,400	29,480	20,107	686	6,884	58,557
At valuation	–	–	86,396	–	–	86,396
At 30 June 2011	1,400	29,480	106,503	686	6,884	144,953

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	OTHERS # RM'000	TOTAL RM'000
<b>Group</b>						
<b>At 30 June 2010</b>						
<b>Cost/valuation</b>						
At 1 July 2009:						
As previously stated	1,400	–	127,249	18,235	46,503	193,387
Effects of the amendments to FRS 117	–	34,977	–	–	–	34,977
As restated	1,400	34,977	127,249	18,235	46,503	228,364
Additions	–	–	286	96	2,154	2,536
Disposals	–	(1,575)	(348)	–	(2,117)	(4,040)
Transfer	–	–	1,657	–	(1,657)	–
At 30 June 2010 (restated)	1,400	33,402	128,844	18,331	44,883	226,860
Representing:						
At cost	1,400	33,402	28,109	18,331	44,883	126,125
At valuation	–	–	100,735	–	–	100,735
At 30 June 2010 (restated)	1,400	33,402	128,844	18,331	44,883	226,860
<b>Accumulated depreciation</b>						
At 1 July 2009:						
As previously stated	–	–	16,601	16,305	37,986	70,892
Effects of the amendments to FRS 117	–	3,138	–	–	–	3,138
As restated	–	3,138	16,601	16,305	37,986	74,030
Depreciation charge for the year	–	394	2,903	881	2,726	6,904
Disposals	–	(5)	(88)	–	(2,102)	(2,195)
At 30 June 2010 (restated)	–	3,527	19,416	17,186	38,610	78,739
<b>Net carrying amount</b>						
At cost	1,400	29,875	21,857	1,145	6,273	60,550
At valuation	–	–	87,571	–	–	87,571
At 30 June 2010 (restated)	1,400	29,875	109,428	1,145	6,273	148,121

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	OTHERS # RM'000	TOTAL RM'000
<b>Group</b>						
<b>At 30 June 2009</b>						
<b>Cost/valuation</b>						
At 1 July 2008:						
As previously stated	27,791	–	100,735	17,586	44,732	190,844
Effects of the amendments to FRS 117	–	34,977	–	–	–	34,977
As restated	27,791	34,977	100,735	17,586	44,732	225,821
Additions	–	–	123	649	2,053	2,825
Disposals	–	–	–	–	(282)	(282)
At 30 June 2009 (restated)	27,791	34,977	100,858	18,235	46,503	228,364
Representing:						
At cost	27,791	34,977	123	18,235	46,503	127,629
At valuation	–	–	100,735	–	–	100,735
At 30 June 2009 (restated)	27,791	34,977	100,858	18,235	46,503	228,364
<b>Accumulated depreciation</b>						
At 1 July 2008:						
As previously stated	4,487	–	9,080	15,214	34,581	63,362
Effects of the amendments to FRS 117	–	2,744	–	–	–	2,744
As restated	4,487	2,744	9,080	15,214	34,581	66,106
Depreciation charge for the year	991	395	2,043	1,091	3,575	8,095
Disposals	–	–	–	–	(170)	(170)
At 30 June 2009 (restated)	5,478	3,139	11,123	16,305	37,986	74,031
<b>Net carrying amount</b>						
At cost	22,313	31,838	123	1,930	8,517	64,721
At valuation	–	–	89,612	–	–	89,612
At 30 June 2009 (restated)	22,313	31,838	89,735	1,930	8,517	154,333

# Others comprise motor vehicles, furniture, fixtures and fittings, computers, office equipment, renovation, cutlery and kitchen utensils, and golf and recreational equipment.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	RENOVATION RM'000	FURNITURE, FIXTURES AND FITTINGS RM'000	COMPUTERS AND OFFICE EQUIPMENT RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
<b>Company</b>					
<b>At 30 June 2011</b>					
<b>Cost</b>					
At 1 July 2010	707	1,561	736	837	3,841
Additions	–	7	19	–	26
At 30 June 2011	707	1,568	755	837	3,867
<b>Accumulated depreciation</b>					
At 1 July 2010	655	1,497	574	503	3,229
Depreciation charge for the year	33	48	60	82	223
At 30 June 2011	688	1,545	634	585	3,452
<b>Net carrying amount</b>					
At 30 June 2011	19	23	121	252	415
<b>At 30 June 2010</b>					
<b>Cost</b>					
At 1 July 2009	707	1,561	1,674	672	4,614
Additions	–	–	88	380	468
Disposals	–	–	(1,026)	(215)	(1,241)
At 30 June 2010	707	1,561	736	837	3,841
<b>Accumulated depreciation</b>					
At 1 July 2009	580	1,434	1,521	580	4,115
Depreciation charge for the year	75	63	74	130	342
Disposals	–	–	(1,021)	(207)	(1,228)
At 30 June 2010	655	1,497	574	503	3,229
<b>Net carrying amount</b>					
At 30 June 2010	52	64	162	334	612

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) Net carrying amount of the Group's property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Others	481	609	251	321

- (b) Net carrying amount of the Group's property, plant and equipment pledged for borrowings as referred to in Note 25 are as follows:

	GROUP	
	2011 RM'000	2010 RM'000
Buildings	85,963	87,415
Leasehold land	25,256	25,530

- (c) Long term leasehold land and buildings were revalued on 30 June 2008, an independent professional valuer using the comparison method of valuation.
- (d) Had the revalued buildings been carried at historical cost, the net carrying amount that would have been included in the financial statements of the Group would have been:

	GROUP	
	2011 RM'000	2010 RM'000
Buildings	41,459	43,513

## 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

### (a) Land held for property development

	GROUP	
	2011 RM'000	2010 RM'000
At beginning of the year :		
Land cost	384,894	383,066
Development costs	254,894	214,395
	639,788	597,461
Cost incurred during the year:		
Land cost	500	1,828
Development costs	2,634	40,499
	3,134	42,327
Disposals during the year :		
Land and development cost	(57,673)	–
At end of the year	585,249	639,788

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

### (b) Property development costs

	GROUP	
	2011 RM'000	2010 RM'000
At beginning of the year		
Freehold land	26,222	26,222
Leasehold land	102,485	103,615
Development costs	811,032	960,887
	939,739	1,090,724
Costs incurred during the year:		
Development costs	70,719	43,532
	70,719	43,532
Accumulated costs reversed during the year in respect of completed projects:		
Land cost	–	(1,130)
Development costs	–	(193,387)
	–	(194,517)
Costs recognised in the statement of comprehensive income		
At beginning of the year	(458,951)	(498,586)
Recognised during the year (Note 5)	(128,813)	(148,670)
Accumulated costs reversed during the year in respect of completed projects	–	188,305
At end of the year	(587,764)	(458,951)
Transfer:		
To inventories	–	(9,815)
To land held for property development	–	(31,287)
	–	(41,102)
At end of the year	422,694	439,686

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

### (b) Property development costs (cont'd.)

The following properties and their related development expenditure are pledged as security for borrowings granted to the Group as disclosed in Note 25:

	2011 RM'000	2010 RM'000
Land held for property development:		
Freehold land	19,677	286
Leasehold land	104,603	98,827
	124,280	99,113
Property development costs:		
Freehold land	18,000	18,000
Leasehold land	10,925	14,049
	28,925	32,049
	153,205	131,162

Title deeds in respect of freehold land with a carrying value of RM6,981,000 (2010: RM6,981,000) are not registered under a subsidiary's name and will be eventually transferred directly to house buyers upon sale of the properties.

Included in the Group's development expenditure is the following cost incurred during the financial year:

	2011 RM'000	2010 RM'000
Amortisation of discount on bonds and interest expense capitalised (Note 6)	9,119	3,069

## 14. INVESTMENT PROPERTIES

	GROUP	
	2011 RM'000	2010 RM'000
At beginning of year	178,477	179,342
Acquired during the year	-	80
Fair value adjustments (Note 7)	(130)	(945)
At end of year	178,347	178,477
The following investment properties are held under lease terms:		
Long term leasehold land	174,287	174,417
Long term leasehold land and buildings	4,060	4,060

Investment properties amounting to RM110,649,000 (2010: RM107,651,000) have been pledged to financial institutions for borrowings as referred to in Note 25.

Investment properties with a carrying value of RM4,100,000 (2010: RM4,942,000) are in the process of being registered in the name of certain subsidiaries.

Investment properties were valued by the directors based on professional valuation report using the comparison method of valuation.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 15. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	1,924,055	1,924,055
Less: Impairment	(750)	(750)
	1,923,305	1,923,305

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

NAME OF COMPANY	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2011	2010	
BML Management Sdn. Bhd.	100	100	Property maintenance services
Bukit Merah Resort Sdn. Bhd.	100	100	Operator of resort and theme park
Centralpolitan Property Development Sdn. Bhd.	100	100	Property Development
Dominant Star Sdn. Bhd.	100	100	Property development, owner of hotel and golf course and investment holding
Golden Precinct Sdn. Bhd.	100	100	Property rental and management
Medan Prestasi Sdn. Bhd.	100	100	Property development, property investment and investment holding
Melur Unggul Sdn. Bhd.	100	100	Dormant
M K Development Sdn. Bhd.	100	100	Property development and property investment
M K Land Resources Sdn. Bhd.	100	100	Investment and property holding
M K Land Ventures Sdn. Bhd.	100	100	Investment and property holding
Paramoden Sdn. Bhd.	100	100	Property development
Plato Construction Sdn. Bhd.	100	100	General construction
Profil Etika (M) Sdn. Bhd.	100	100	Dormant
Prominent Valley Bhd.	100	100	Operator of golf club
Pujaan Pasifik Sdn. Bhd.	100	100	Operator of hotel
Saujana Triangle Sdn. Bhd.	100	100	Property development, property investment and investment holding
Segi Objektif (M) Sdn. Bhd.	100	100	Property development, owner of resort and theme park and investment holding
Sumbangan Berkat Sdn. Bhd.	100	100	Operator of hotel

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

NAME OF COMPANY	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2011	2010	
Tema Teladan Sdn. Bhd.	100	100	Property development, owner of hotel and investment holding
Vast Option Sdn. Bhd.	100	100	Provision of educational services
Vibrant Leisure Sdn. Bhd.	100	100	Property development
Zaman Teladan Sdn. Bhd.	100	100	Property development
Paramount Innovation Sdn. Bhd.	100	100	Property Investment holding
M K Training & Consultancy Sdn. Bhd.	100	100	Dormant
Ritma Mantap Sdn. Bhd.	100	100	Dormant
Duta Realiti Sdn. Bhd.	100	100	Dormant

## 16. INVESTMENT IN ASSOCIATES

	GROUP	
	2011 RM'000	2010 RM'000
In Malaysia:		
Unquoted shares, at cost	609	119
Share of losses recognised	(124)	(4)
Represented by share of net assets	485	115

Details of the associates which have the same conterminous financial year end are as follows:

NAME OF ASSOCIATE	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
		2011	2010	
M K Embassy Land Sdn. Bhd.	Malaysia	47.5%	47.5%	Investment holding
Laras Kualiti Sdn. Bhd.	Malaysia	49.0%	–	Construction

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	GROUP	
	2011 RM'000	2010 RM'000
<b>Assets and liabilities</b>		
Total assets	3,520	1,312
Total liabilities	2,759	1,070
<b>Results</b>		
Loss for the year	(250)	(8)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 17. OTHER INVESTMENT

	GROUP AND COMPANY	
	2011	2010
	RM'000	RM'000
Investment in bonds, at cost		
At the beginning of the year	4,000	4,000
Less: Impairment	(4,000)	–
At end of the year	–	4,000

## 18. DEFERRED TAX

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At beginning of the year	23,100	21,496	(34)	(551)
Recognised in the statement of comprehensive income (Note 10)	3,131	1,604	(989)	517
At end of the year	26,231	23,100	(1,023)	(34)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,257)	(4,288)	(1,075)	(75)
Deferred tax liabilities	28,488	27,388	52	41
	26,231	23,100	(1,023)	(34)

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

### Deferred tax liabilities of the Group:

	REVALUATION OF ASSETS RM'000	EXCESS OF CAPITAL ALLOWANCES OVER BOOK DEPRECIATION RM'000	INVESTMENT PROPERTIES RM'000	TOTAL RM'000
At 1 July 2010	1,065	27,556	33,435	62,056
Recognised in the statement of comprehensive income	–	3,349	23	3,372
At 30 June 2011	1,065	30,905	33,458	65,428
At 1 July 2009	1,065	12,204	38,960	52,229
Recognised in the statement of comprehensive income	–	15,352	(5,525)	9,827
At 30 June 2010	1,065	27,556	33,435	62,056

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 18. DEFERRED TAX (CONT'D.)

### Deferred tax assets of the Group:

	TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCES RM'000	PROVISIONS RM'000	UNABSORBED INVESTMENT TAX ALLOWANCES RM'000	TOTAL RM'000
At 1 July 2010	(17,640)	(11,521)	(9,795)	(38,956)
Recognised in the statement of comprehensive income	(5,752)	5,511	–	(241)
At 30 June 2011	(23,392)	(6,010)	(9,795)	(39,197)
At 1 July 2009	(12,335)	(8,603)	(9,795)	(30,733)
Recognised in the statement of comprehensive income	(5,305)	(2,918)	–	(8,223)
At 30 June 2010	(17,640)	(11,521)	(9,795)	(38,956)

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

	GROUP	
	2011 RM'000	2010 RM'000
Unutilised tax losses	37,027	29,515
Unabsorbed capital allowances	1,714	1,675
	38,741	31,190

The availability of the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets were not recognised in respect of the above as certain subsidiaries do not foresee sufficient future taxable profits be available for offsetting against these items.

### Deferred tax liabilities of the Company:

	EXCESS OF CAPITAL ALLOWANCES OVER BOOK DEPRECIATION RM'000
At 1 July 2010	41
Recognised in the statement of comprehensive income	11
At 30 June 2011	52
At 1 July 2009	85
Recognised in the statement of comprehensive income	(44)
At 30 June 2010	41

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 18. DEFERRED TAX (CONT'D.)

### Deferred tax assets of the Company:

	PROVISIONS RM'000	TAX LOSSES AND CAPITAL ALLOWANCES RM'000	TOTAL RM'000
At 1 July 2010	(75)	–	(75)
Recognised in the statement of comprehensive income	(1,000)	–	(1,000)
At 30 June 2011	(1,075)	–	(1,075)
At 1 July 2009	(52)	(584)	(636)
Recognised in the statement of comprehensive income	(23)	584	561
At 30 June 2010	(75)	–	(75)

## 19. INVENTORIES

	GROUP	
	2011 RM'000	2010 RM'000
<b>Cost:</b>		
Completed properties	118,198	121,328
Food, beverage, supplies and merchandise	890	4,313
	119,088	125,641
<b>Net realisable value:</b>		
Completed properties	–	1,037
	119,088	126,678

## 20. TRADE RECEIVABLES

	GROUP	
	2011 RM'000	2010 RM'000
Trade receivables	50,440	92,967
Stakeholders' sum	5,811	4,418
Accrued billings in respect of properties development costs	260,180	111,931
	316,431	209,316
Less: Provision for doubtful debts	(2,987)	(2,987)
	313,444	206,329

The Group's normal trade credit terms ranges from 14 to 90 days (2010: 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 20. TRADE RECEIVABLES (CONT'D.)

### Ageing analysis of trade receivables

The ageing of trade receivables as at the reporting date is as follows:

	<b>GROUP 2011 RM'000</b>
Neither past due nor impaired	18,939
1 to 30 days past due not impaired	5,707
31 to 60 days past due not impaired	3,539
Above 60 days past due not impaired	19,268
Impaired	2,987
	50,440

### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM28,514,000 that are past due at the reporting date but not impaired.

## 21. OTHER RECEIVABLES

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Advances to contractors	13,503	13,503	–	–
Deposits and prepayments	4,819	4,811	151	117
Due from external parties for the disposal of investment properties Due from associate	2,106	201	–	–
Sundry receivables*	36,450	38,391	111	153
	56,878	56,906	262	270
Less: Provision for doubtful debts	(23,173)	(23,173)	–	–
	33,705	33,733	262	270

\* Included in the Group's sundry receivables is an amount due from a contractor for liquidated ascertained damages receivable on late completion of projects undertaken by the said contractor amounting to RM13,776,000 (2010: RM13,776,000), which has been fully provided.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash on hand and at banks	103,934	19,936	14,587	987
Deposits with licensed banks	35,453	3,708	933	915
Cash and bank balances	139,387	23,644	15,520	1,902

Included in cash and bank balances of the Group and the Company are:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amounts maintained pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 ("HDA")			29,648	8,745
Amounts maintained in the Sinking Fund Account ("SFA") and Coupon Service Account ("CSA") pursuant to the Trust Deeds			287	–
Deposits with licensed banks pledged for bank guarantee facilities			14,205	2,676

The weighted average effective interest rates of deposits as at reporting date were as follows:

	GROUP		COMPANY	
	2011 %	2010 %	2011 %	2010 %
Licensed banks	2.8	2.7	2.8	2.7

The weighted average effective maturity of deposits as at reporting date were as follows:

	GROUP		COMPANY	
	2011 DAYS	2010 DAYS	2011 DAYS	2010 DAYS
Licensed banks	365	365	365	365

For the purpose of the statements of cash flow, cash and cash equivalents comprise the following as at the reporting date:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances	139,387	23,644	15,520	1,902
Bank overdrafts (Note 25)	(83,003)	(128,976)	(37,475)	(51,077)
Total cash and cash equivalents	56,384	(105,332)	(21,955)	(49,175)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
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## 23. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES OF RM1 EACH		AMOUNT	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
<b>Authorised:</b>				
At beginning/end of the year	2,000,000	2,000,000	2,000,000	2,000,000
<b>Issued and fully paid:</b>				
At beginning/end of the year	1,207,262	1,207,262	1,207,262	1,207,262

The holders of the ordinary shares are entitled to receive dividend 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.

### (a) Employee Share Option Scheme ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 29 November 2002. As at the reporting date and at the date of this report, the ESOS has yet to be implemented. Accordingly, no options have been granted at the reporting date.

The salient features of the ESOS are as follows:

- (i) The ESOS shall be in force for a period of five years from the date of offer which is yet to be determined.
- (ii) Eligible persons are full time employees of the Group (including executive directors subject to the approval by the Company in a general meeting) and must have attained the age of eighteen years before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (iii) Total number of shares to be offered shall not at the time of offering the options exceed 10% of the total issued and paid-up capital of the Company at any point in time or such maximum percentages as may be permitted by the relevant authorities from time to time during the tenure of the ESOS.
- (iv) The option price for each share shall be the average of the mean market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the date of offer, or the par value of the shares of the Company of RM1.00, whichever is the higher.
- (v) There will be an equitable allocation to the various grades of eligible employees, such that not more than 50% of the shares available under the scheme should be allocated, in aggregate, to the senior management. In addition, not more than 10% of the shares available under the scheme should be allocated to any eligible employee who, either singly or collectively through his or her associates, holds 20% or more in the issued and paid up capital of the Company.
- (vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.
- (vii) The number of shares under option or the option price or both so far as the options remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of capitalisation or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.
- (viii) The shares under option shall remain unissued until the option is exercised and shall on allotment rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option.

### (b) Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 24. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 30 June 2008 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 30 June 2011 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 30 June 2011, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

## 25. BORROWINGS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Short term borrowings</b>				
Secured:				
Bank overdrafts	83,003	125,895	37,475	51,077
Revolving credits	64,205	78,989	20,000	20,000
Term loans	40,307	59,199	3,000	4,000
Hire purchase payables (Note 26)	102	134	62	57
	187,617	264,217	60,537	75,134
Unsecured:				
Bank overdrafts	–	3,081	–	–
Term loan	40,000	–	40,000	–
	227,617	267,298	100,537	75,134
<b>Long term borrowings</b>				
Secured:				
Term loans	41,197	90,349	1,000	5,000
Hire purchase payables (Note 26)	262	373	151	219
	41,459	90,722	1,151	5,219
Unsecured:				
Term loan	–	40,000	–	40,000
	41,459	130,722	1,151	45,219
<b>Total borrowings</b>				
Bank overdrafts (Note 22)	83,003	128,976	37,475	51,077
Revolving credits	64,205	78,989	20,000	20,000
Term loans	121,504	189,548	44,000	49,000
Hire purchase payables (Note 26)	364	507	213	276
	269,076	398,020	101,688	120,353

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 25. BORROWINGS (CONT'D.)

- (a) The weighted average interest rates during the financial year for borrowings, excluding hire purchase payables, were as follows:

	GROUP		COMPANY	
	2011 %	2010 %	2011 %	2010 %
Bank overdrafts	8.5	8.1	8.1	7.1
Revolving credits	6.3	5.8	6.3	5.3
Term loans	7.4	6.8	7.2	6.8

- (b) The secured borrowings of the Group and of the Company are secured by certain assets of the Group and of the Company as disclosed in Notes 12, 13, and 14.

## 26. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Minimum lease payments:</b>				
Not later than 1 year	102	161	62	57
Later than 1 year but not later than 2 years	304	245	–	62
Later than 2 years but not later than 5 years	–	168	173	157
	406	574	235	276
Less: Future finance charges	(42)	(67)	(22)	–
Present value of finance lease liabilities	364	507	213	276
<b>Present value of hire purchase liabilities:</b>				
Not later than 1 year	102	134	62	57
Later than 1 year but not later than 5 years	262	216	151	219
Over 5 years	–	157	–	–
	364	507	213	276
<b>Analysed as:</b>				
Due within 12 months (Note 25)	102	134	62	57
Due after 12 months (Note 25)	262	373	151	219
	364	507	213	276

The Group has hire purchase contracts for various items of property, plant and equipment (Note 12). The effective interest rate of the hire purchase during the year ranged from 2.8% to 3.2% (2010: 2.5% to 3.0%) per annum.

Other information on financial risks of hire purchase liabilities are disclosed in Note 35.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
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## 27. PROVISION FOR LIABILITIES

	GUARANTEED RENTAL RETURNS RM'000	MARKETING INCENTIVES RM'000	LIQUIDATED ASCERTAINED DAMAGES RM'000	TOTAL RM'000
<b>Group</b>				
<b>At 30 June 2011</b>				
At beginning of the year	2,633	4,011	29,707	36,351
Provision during the year (Note 7)	4,643	819	20,075	25,537
Utilisation during the year	(5,190)	(872)	(4,019)	(10,081)
At end of the year	2,086	3,958	45,763	51,807
Current	2,086	3,958	45,763	51,807
<b>At 30 June 2010</b>				
At beginning of the year	1,739	3,676	32,508	37,923
Provision during the year (Note 7)	894	916	5,792	7,602
Utilisation during the year	–	(581)	(8,593)	(9,174)
At end of the year	2,633	4,011	29,707	36,351
Current	2,633	4,011	27,983	34,627
Non-current:				
Later than 1 year but not later than 2 years	–	–	1,724	1,724
	2,633	4,011	29,707	36,351

### (a) Guaranteed rental returns and marketing incentives

Provision for guaranteed rental returns and marketing incentives is in respect of the sale of development properties of the Group. The provision is recognised for the expected guaranteed rental returns and marketing incentives granted to the purchasers based on agreements which outlines the terms of the applicable guaranteed rental returns and marketing incentives.

### (b) Liquidated ascertained damages

Provision for liquidated ascertained damages is in respect of projects undertaken by the Group. The provision is recognised for the expected liquidated ascertained damaged claims based on the terms of the applicable sale and purchase agreements.

## 28. LONG TERM PAYABLE

Long term payable relates to amount payable to the State Government of Perak is unsecured, interest free and payable according to the progress of development undertaken by a subsidiary.

## 29. TRADE PAYABLES

	GROUP	
	2011 RM'000	2010 RM'000
Trade payables	126,792	101,593
Retention sums	46,908	46,201
Advance billings in respect of property development costs	7,325	8,802
	181,025	156,596

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2010: 30 to 90 days).

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
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## 30. OTHER PAYABLES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Due to directors	7,252	3,123	6,967	2,979
Interest payable	1,227	6,782	1,227	1,490
Sundry payables	48,319	39,349	309	1,507
Other accruals	27,127	29,205	3,525	3,117
Deposits and amount refundable to purchasers	198,203	9,755	–	–
Amounts due to companies in which directors have interests	–	5,095	–	–
Amount due to State Government	23,799	23,793	–	–
	305,927	117,102	12,028	9,093

The amounts due to directors comprise the following:

Due to Tan Sri MK in respect of amounts advanced to the Group for working capital purposes	4,562	144	4,562	–
Due to directors in respect of directors' remuneration	2,690	2,979	2,405	2,979
	7,252	3,123	6,967	2,979

The amounts due to directors and companies in which directors have interests are unsecured, interest free and have no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 34.

## 31. DUE FROM SUBSIDIARIES

	COMPANY	
	2011 RM'000	2010 RM'000
The amounts due from subsidiaries are classified as follows:		
<b>Current</b>		
Management fees receivable	23,668	24,421
Non-trade	403,077	323,644
	426,745	348,065

Certain amount due from subsidiaries which represent term loan and revolving credit proceeds on-lent to subsidiaries are subject to the same interest and terms of repayment as detailed in Note 25. The term loan and revolving credit are subject to interest from 6.3% to 6.5% (2010: 4.5% to 6.8%) per annum respectively.

The other amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

## 32. DUE TO SUBSIDIARIES

The amounts due to subsidiaries are non-trade in nature, unsecured, interest free and have no fixed terms of repayment.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
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## 33. CONTINGENT LIABILITIES

### Gain on sale of investment properties sold in previous years

Between financial years 2002 and 2004, a wholly owned subsidiary, Medan Prestasi Sdn Bhd ("MPSB") disposed off certain investment properties and filed the necessary forms as required by the Real Property Gains Tax Act, 1976. The Inland Revenue Board ("IRB") contended that the gain from the sale should be subject to income tax instead of the Real Property Gains Tax and has raised an assessment of approximately RM12.6 million (inclusive of a penalty of RM3.9 million). MPSB after due consideration and in consultation with its tax agent disagreed with the IRB's position and appealed against the assessment. Subsequently, IRB rejected MPSB's appeal and demanded MPSB to pay the outstanding tax and additional penalties amounting to RM14,586,000.

As at 30 June 2011, the Group has not made any provision in the financial statements for this amount as MPSB is disputing the assessment on technical grounds and has submitted the notice of appeal to the Special Commissioner of Income Tax ("SCIT"). SCIT subsequently dismissed the appeal and MPSB had since filed an appeal to the High Court.

## 34. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Rental of premises payable to subsidiaries	–	–	512	539
Rental of motor vehicles payable to subsidiaries	–	–	–	24
Management fees from subsidiaries	–	–	(23,668)	(24,421)
Dividend income from subsidiaries	–	–	(15,000)	(10,500)
Repayment of advances by subsidiaries	–	–	30	1,040
Repayment to subsidiaries	–	–	–	(4,726)
Advances from a director, Tan Sri M K	4,418	144	4,418	–

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on negotiated terms and conditions.

### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Salaries & other emoluments	7,966	7,566	7,966	7,566
Pension cost - EPF	1,295	1,249	1,295	1,249

Included in the total key management personnel compensation are:

Directors' remuneration	6,036	5,791	6,036	5,791
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# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 35. 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 business whilst managing its interest rate, credit, liquidity and fair value risks. The Group's policy is not to engage in speculative transactions.

### (a) Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the reporting date there were no significant concentrations of credit risk that may arise from exposures to a single debtor or to groups of debtors. The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset.

At the reporting date, the Company provided corporate guarantees to some of its subsidiaries in respect of credit facilities granted totaling RM167,237,000 (2010:RM274,796,000).

The value of corporate guarantees provided by the Company to its subsidiaries are determined by reference to the difference in the interest rates, by comparing the actual rates charged by the suppliers if these guarantees has not been available. The Directors have assessed the fair value of these corporate guarantee to have no material financial impact on the results and the retained profits of the Company.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding credit enhancements for trade receivables is disclosed in Note 20.

### (b) Liquidity risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### Maturity analysis

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

	TOTAL RM '000	UNDER 1 YEAR RM '000	1-5 YEARS RM '000	OVER 5 YEARS RM '000
<b>Group</b>				
<b>2011</b>				
<b>Financial liabilities:</b>				
Trade and other payables	486,952	486,952	–	–
Loans and borrowings	269,076	227,617	23,317	18,142
Long term payable	76,940	–	–	76,940
Total undiscounted financial liabilities	832,968	714,569	23,317	95,082
<b>2010</b>				
<b>Financial liabilities:</b>				
Trade and other payables	273,698	273,698	–	–
Loans and borrowings	398,020	267,298	120,877	9,845
Long term payables	76,940	–	–	76,940
Total undiscounted financial liabilities	748,658	540,996	120,877	86,785
<b>Company</b>				
<b>2011</b>				
<b>Financial liabilities:</b>				
Trade and other payables	12,028	12,028	–	–
Loans and borrowings	101,688	100,537	1,151	–
Total undiscounted financial liabilities	113,716	112,565	1,151	–
<b>2010</b>				
<b>Financial liabilities:</b>				
Trade and other payables	9,093	9,093	–	–
Loans and borrowings	120,353	75,134	45,219	–
Total undiscounted financial liabilities	129,446	84,227	45,219	–

### (c) Interest rate risk

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

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings.

#### Sensitivity analysis for interest rate risk

A change of 25 basis points in the interest rates being lower/higher, with all other variables held constant, would impact the Group's profit net of tax by RM671,780.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (d) Fair value of financial instruments

The carrying amount of financial liabilities of the Group and of the Company at the reporting date approximate their fair values except for the following:

		2011		2010	
	NOTE	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
<b>Financial Liabilities</b>					
<b>Group</b>					
Term loan	25	40,000	40,000	40,000	38,200
Hire purchase payables	26	364	344	507	478
<b>Company</b>					
Hire purchase payables	26	213	202	276	262

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

### (i) Cash and cash equivalents, receivables, payables and short term borrowings

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

### (ii) Borrowings

The fair values of borrowings are estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

The carrying value of the term loans which has a floating interest rate, approximates the fair value determined using discounted cash flow analysis based on current interest rates for similar types of borrowing arrangements.

Fair values of financial instruments listed above have been determined by discounting the relevant cash flows using current interest rates for similar instruments at the reporting date.

## 36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a good credit rating and capital ratios in order to support its business, maximise shareholders' values, maintaining financial flexibility for its business requirement and investing for future growth. The Group manages its capital structure in accordance to the changes in economic conditions, its business plans and future commitments. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2011 and 2010.

The gearing ratios as at 30 June 2011 and 2010 were as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total Equity	1,055,657	1,006,957	1,975,844	1,964,960
Total Debt	269,076	398,020	101,688	120,353
Gearing ratio (times)	0.25	0.40	0.05	0.06

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) Property development and related activities - the development of mixed properties and its related activities;
- (ii) Leisure - operation of resorts/hotels, golf course and theme parks;
- (iii) Educational - provision of educational services; and
- (iv) Investment holding - investment in subsidiaries and property investment.

There are no other operating segments which have been aggregated to form the above four reportable operating segments.

No segmental information is provided on a geographical basis as the Group's activities are carried out predominantly in Malaysia.

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.

	PROPERTY DEVELOPMENT				LEISURE		HOLDING		EDUCATION		INVESTMENT ELIMINATION		CONSOLIDATED	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>														
External	363,197	252,463	44,234	43,649	-	-	11,425	12,658	-	-	418,856	308,770		
Inter-segment	-	-	-	-	39,559	35,834	-	-	(39,559)	(35,834)	-	-		
<b>Total revenue</b>	<b>363,197</b>	<b>252,463</b>	<b>44,234</b>	<b>43,649</b>	<b>39,559</b>	<b>35,834</b>	<b>11,425</b>	<b>12,658</b>	<b>(39,559)</b>	<b>(35,834)</b>	<b>418,856</b>	<b>308,770</b>		
<b>Results</b>														
Interest income	(3,503)	(2,802)	(36)	-	(266)	(5,715)	-	-	2,514	8,355	(1,291)	(162)		
Dividend income	-	-	-	-	(10,500)	(10,500)	-	-	10,500	10,500	-	-		
Fair value gain on investment properties	(130)	(664)	-	-	-	(281)	-	-	-	-	(130)	(945)		
Depreciation and amortisation	5,753	5,821	53	53	204	342	695	687	-	-	6,705	6,903		
Share of result of associates	-	-	-	-	(120)	(4)	-	-	-	-	(120)	(4)		
<b>Segment profit/(loss)</b>	<b>16,682</b>	<b>915</b>	<b>2,094</b>	<b>540</b>	<b>10,501</b>	<b>10,630</b>	<b>1,653</b>	<b>2,572</b>	<b>(11,970)</b>	<b>(3,645)</b>	<b>18,960</b>	<b>11,012</b>		
<b>Assets:</b>														
Addition of non-current assets	2,802	1,399	65	85	26	550	646	582	-	-	3,538	2,616		
<b>Segment assets</b>	<b>2,481,117</b>	<b>2,313,777</b>	<b>35,867</b>	<b>41,035</b>	<b>2,403,426</b>	<b>2,336,561</b>	<b>15,283</b>	<b>12,904</b>	<b>(2,985,554)</b>	<b>(2,883,935)</b>	<b>1,950,139</b>	<b>1,820,341</b>		
<b>Segment liabilities</b>	<b>1,458,365</b>	<b>1,370,314</b>	<b>44,232</b>	<b>41,236</b>	<b>409,952</b>	<b>353,590</b>	<b>6,162</b>	<b>5,438</b>	<b>(1,024,229)</b>	<b>(957,194)</b>	<b>894,482</b>	<b>813,384</b>		

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011  
(CONT'D)

## 38. SUPPLEMENTARY INFORMATION - BREAKDOWN OF MERGER DEFICIT/RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the merger deficit of the Group and the retained profits of the Company as at 30 June 2011 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP RM'000	COMPANY RM'000
The merger deficit/retained profits are analysed as follows:		
Realised	(204,133)	124,596
Unrealised	45,398	–
<b>Total (merger deficit)/retained profits</b>	<b>(158,735)</b>	<b>124,596</b>

# ANALYSIS OF SHAREHOLDINGS

Authorised share capital	:	RM2,000,000,000
Paid-up Share Capital	:	RM1,207,261,584 (including 2,671,600 treasury shares held)
Class of Shares	:	Ordinary shares of RM1.00 each with equal voting rights
No. of Shareholders	:	9,593

## ANALYSIS BY SIZE OF HOLDINGS AS AT 14 OCTOBER 2011

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	159	1.657	1,875	0.000
100 – 1,000	1,228	12.801	1,123,024	0.093
1,001 – 10,000	4,675	48.733	26,712,014	2.217
10,001 – 100,000	3,095	32.263	105,847,360	8.787
100,001 – 60,229,498 (*)	432	4.503	362,697,380	30.109
60,229,499 and above (**)	4	0.041	708,208,331	58.792
<b>Total :</b>	<b>9,593</b>	<b>100.000</b>	<b>1,204,589,984</b>	<b>100.000</b>

Remark : \* - Less Than 5% Of Issued Shares

\*\* - 5% And Above Of Issued Shares

## LIST OF TOP 30 HOLDERS AS AT 14 OCTOBER 2011 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
1	MKN HOLDINGS SDN BHD	479,096,585	39.772
2	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK TRUSTEES BERHAD FOR EMKAY TRUST	91,561,331	7.601
3	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KASI A/L K L PALANIAPPAN (MUTIARA KOTAMAS)	76,992,706	6.391
4	KASI A/L K L PALANIAPPAN	60,557,709	5.027
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BMMB FOR KASI A/L K L PALANIAPPAN (19665 HDOF)	54,600,000	4.532
6	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KASI A/L K L PALANIAPPAN (49542 PZDM)	40,033,000	3.323
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR KASI A/L K L PALANIAPPAN	35,100,000	2.913
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BMMB FOR KASI A/L K L PALANIAPPAN (19105 HDOF)	30,400,000	2.523
9	CITIGROUP NOMINEES (ASING) SDN BHD JP MORGAN CLR CORP FOR THIRD AVENUE REAL ESTATE OPPORTUNITIES FUND LP	22,000,000	1.826
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (MILAN USD)	10,794,500	0.896

# ANALYSIS OF SHAREHOLDINGS

(CONT'D)

NO.	NAME	HOLDINGS	%
11	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	10,243,200	0.850
12	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR KASI A/L K L PALANIAPPAN	6,000,000	0.498
13	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GIM LEONG	4,654,400	0.386
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MAK NGIA NGIA @ MAK YOKE LUM (MM0749)	4,358,600	0.361
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GIM LEONG (E-KLC)	3,037,900	0.252
16	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EDWARD CHENG WUN WAH	2,950,000	0.244
17	YAP POW ON	2,872,600	0.238
18	LOO KWONG CHUNG	2,757,200	0.228
19	TUNG YAN YOK	2,647,300	0.219
20	LEE YIH LEANG	2,600,000	0.215
21	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KASI A/L K L PALANIAPPAN	2,320,000	0.192
22	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK NGIA NGIA @ MAK YOKE LUM	2,317,000	0.192
23	LIM SENG CHEE	1,929,000	0.160
24	LEMBAGA TABUNG HAJI	1,668,900	0.138
25	MAYBAN NOMINEES (TEMPATAN) SDN BHD HADRONS CAPITAL SDN BHD FOR KOAY KANG CHUWAN (240239)	1,595,400	0.132
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL FUNDS PLC	1,394,000	0.115
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,381,300	0.114
28	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR LIM KOK WAI (SFC)	1,300,000	0.107
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG HOCK KENG (8058236)	1,296,200	0.107
30	TEE WOEI LIM	1,251,200	0.103

# ANALYSIS OF SHAREHOLDINGS

(CONT'D)

## INFORMATION ON DIRECTORS HOLDINGS AS AT 14 OCTOBER 2011

NO.	NAME	DIRECT		INDIRECT	
		NO. OF SHARES HELD	% HELD	NO. OF SHARES HELD	% HELD
1.	TAN SRI DATUK HJ MUSTAPHA KAMAL BIN HJ ABU BAKAR	82,405,198	6.84	*488,252,718	40.53
2.	DATUK KASI A/L K.L PALANIAPPAN	**306,003,415	25.40	—	—
3.	DATO' MOHAMAD NOR BIN MOHAMAD	—	—	—	—
4.	HONG HEE LEONG	—	—	—	—
5.	HJH FELINA BINTI TAN SRI DATUK HJ MUSTAPHA KAMAL	—	—	—	—
6.	ANITA CHEW CHENG IM	—	—	—	—
7.	JULIANA HEATHER BINTI ISMAIL	—	—	—	—
8.	HJH FAZWINNA BINTI TAN SRI DATUK HJ MUSTAPHA KAMAL (ALTERNATE DIRECTOR TO HJH FELINA BINTI TAN SRI DATUK HJ MUSTAPHA KAMAL)	—	—	—	—

\* Deemed interest by virtue of his shareholdings in MKN Holdings Sdn Bhd currently held under OSK Trustees Berhad of which he is the beneficial owner of the Trust and by virtue of the 9,156,133 shares held under OSK Trustees Berhad of which the beneficial owner of the Trust is the spouse of TSDMK, Puan Sri Datin Hj. Wan Nong Bte Hj Wan Ibrahim

\*\* Including 202,025,706 shares held through CIMB Group Nominees (Tempatan) Sdn Bhd, 41,100,000 shares held through Amsec Nominees (Tempatan) Sdn Bhd and 2,320,000 shares held through HLB Nominees (Tempatan) Sdn Bhd.

## INFORMATION ON SUBSTANTIAL HOLDER'S AS AT 14 OCTOBER 2011

NO.	NAME	DIRECT		INDIRECT	
		NO. OF SHARES HELD	% HELD	NO. OF SHARES HELD	% HELD
1.	TAN SRI DATUK HJ MUSTAPHA KAMAL BIN HJ ABU BAKAR	82,405,198	6.84	*488,252,718	40.53
2.	DATUK KASI A/L K.L PALANIAPPAN	**306,003,415	25.40	—	—
3.	MKN HOLDINGS SDN BHD	479,096,585	39.77	—	—
4.	PUAN SRI DATIN HJH. WAN NONG BTE HJ WAN IBRAHIM	9,156,133	0.76	***561,501,783	46.61

\* Deemed interest by virtue of his shareholdings in MKN Holdings Sdn bhd currently held under OSK Trustees Berhad of which he is the beneficial owner of the Trust and by virtue of the 9,156,133 shares held under OSK Trustees Berhad of which the beneficial owner of the Trust is the spouse of TSDMK, Puan Sri Datin Hj. Wan Nong Bte Hj Wan Ibrahim

\*\* Including 202,025,706 shares held through CIMB Group Nominees (Tempatan) Sdn Bhd, 41,100,000 shares held through Amsec Nominees (Tempatan) Sdn Bhd and 2,320,000 shares held through HLB Nominees (Tempatan) Sdn Bhd.

\*\*\* Deemed interest by virtue of the shareholdings of her spouse, TSDMK in M K Land and MKN Holdings Sdn Bhd. Both TSDMK's Shareholdings in M K Land and MKN Holdings Sdn Bhd are currently held under OSK Trustees Berhad of which he is the beneficial owner of the Trust.

## LIST OF PROPERTIES

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUI- SION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
PT 45195, H.S.(D) 198533, Mukim of Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan	Land for proposed mixed development.	9.59 acres	Leasehold expiring on 5/3/2103		30/6/11*	52,217
PT 45196, H.S.(D) 198534, Mukim of Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan	Petrol Kiosk Station	0.50 acres	Leasehold expiring on 5/3/2103		30/6/11*	3,000
PT 36234, H.S. (D) 112497, Mukim of Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan	Land for proposed mixed development.	22.0 acres	Leasehold expiring on 5/3/2103		8/7/99	} 163,044
PT 45182, H.S.(D) 198520, Mukim of Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan	Land for proposed mixed development.	8.77 acres	Leasehold expiring on 5/3/2103		8/7/99	
PT 45157, H.S.(D) 198495, Mukim of Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan	Land for proposed mixed development.	6.6 acres	Leasehold expiring on 5/3/2103		8/7/99	3,849
Lot No. 3897, No. Hakmilik 27004 Mukim of Ulu Kelang, District of Kuala Lumpur, State of Wilayah Persekutuan	Land for proposed mixed development.	66.1 acres	Leasehold expiring on 9/11/2083		31/1/2005	51,255
PT 12034 - PT 12041, H.S. (D) 11243 - 11250, Mukim of Serendah, District of Ulu Selangor, State of Selangor Darul Ehsan.	Land for proposed mixed development.	77.21 acres	Leasehold expiring on 12/6/2096		8/7/99	51,502
PT 12039 (part), H.S.(D) 11248, Mukim of Serendah, District of Ulu Selangor, State of Selangor Darul Ehsan.	Land for proposed mixed development.	5.51 acres	Leasehold expiring on 12/6/2096		30/6/11*	2,880
PT 13777, H.S. (D) 14820, Mukim Serendah, District of Ulu Selangor, State of Selangor Darul Ehsan	Land for proposed mixed development.	73.73 acres	Leasehold expiring on 4/9/2097		5/9/98	19,878
PT 600 - 602 (part), PT 604, PT 605, PT 632, PT 633, PT 635, PT 638, PT 639, PT 640 (part), PT 641, PT 642, PT 3813 - 4264, PT 749 - 1131 & PT 1748 - 1825, Mukim of Gunung Semanggul, District of Kerian, State of Perak Darul Ridzuan	Land for proposed mixed development and resort.	599.06 ha	Leasehold land expiring on 15/8/2093, 17/10/2093, 16/6/2094, and 28/4/2096 respectively.		23/6/03*	129,385

# LIST OF PROPERTIES

(CONT'D)

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUISITION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
PT 600 (part), PT 602 (part) & PT 604 (part), H.S. (D) KN 1175, H.S. (D) KN 1177 & H.S. (D) KN 1183 respectively, Mukim of Gunung Semanggul, District of Kerian, State of Perak Darul Ridzuan	Land for proposed commercial development.	46.7 ha	Leasehold land expiring on 15/8/2093 and 29/6/2096 respectively.		30/6/11*	43,800
PT 602 (part) Mukim of Gunung Semanggul, District of Kerian, State of Perak Darul Ridzuan	Ecopark	1.60 ha	Leasehold expiring on 15/8/2093.	12	23/6/08*	11,189
PT1808, PT 1887 (part) & PT 602 (part), Mukim of Gunung Semanggul, District of Kerian, State of Perak Darul Ridzuan	Water Themepark & hotel	5.90 ha	Leasehold expiring on 15/8/2093.	14	23/6/08*	70,390
PT 1887 (part), Mukim of Gunung Semanggul, District of Kerian, State of Perak Darul Ridzuan	Marina Village	2.90 ha	Leasehold expiring on 15/8/2093.	12	23/6/08*	29,640
Lot 2045, CT55847, No. 58-7-1, Fortune Heights, Jalan Cantonment, 10250 Pulau Pinang.	Office suite	237 sq. metres	Freehold	15	23/6/08*	530
PT 46227 - 46676, H.S. (D) 233287 - 233985, Mukim of Sg. Buloh, District of Petaling Jaya, State of Selangor Darul Ehsan	Land for proposed mixed development.	29.03 acres	Leasehold expiring on 16/10/2094.		31/8/00*	31,614
PT 12199, PT 12200 & PT 12203, HS(D) 07819, 07820, 07821 respectively, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Land for proposed mixed development.	14.80 acres	Freehold		31/8/00*	11,927
PT 1511 - PT 1520, H.S.(D) KN 1741 - 1750, Mukim of Beriah , District of Kerian, State of Perak Darul Ridzuan.	Land for proposed mixed development.	2,103.29 acres	Leasehold expiring on 8/1/2096		30/6/03*	90,755
PT 4067- PT 4068, Mukim of Beriah, District of Kerian, State of Perak Darul Ridzuan	Land for proposed mixed development.	748.58 acres	Leasehold expiring on 8/1/2096		27/6/97	21,605
PT 1516 (part), PT 1517(part) & PT 1520(part), H.S. (D) KN 1746, H.S. (D) KN 1747 & H.S (D) KN 1750, Mukim of Beriah , District of Kerian, State of Perak Darul Ridzuan.	Land for proposed commercial development.	24.71 acres	Leasehold expiring on 8/1/2096		30/6/11*	4,990

# LIST OF PROPERTIES

(CONT'D)

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUISITION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
PT 4067- PT 4068 (part), Mukim of Beriah, District of Kerian, State of Perak Darul Ridzuan	Land for proposed development of clubhouse/hotel/ service apartment	16.42 acres	Leasehold expiring on 8/1/2096		30/6/11*	2,980
Lot 6229 - Lot 7071, Mukim of Beriah, District of Kerian, State of Perak Darul Ridzuan	Land for proposed mixed development.	5 acres	Freehold		29/1/03	195
Lot PT 379, H.S. (M) 46, Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Land for proposed mixed development.	55.45 acres	Leasehold expiring on	27/6/2098.	31/10/00*	19,525
Geran Mukim of 1232, Lot 1922 Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman (with an uncompleted building which is a proposed shopping complex)	Proposed shopping complex	2,129 sq. metres	Freehold		2/12/02	11,406
Master Title Geran Mukim of 1231, Lot 1919 Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Sub basement area comprising of ballrooms, meeting rooms, kitchen and other facilities within a block of service apartment.	1,678 sq. metres	Freehold	10	11/9/02	8,528
Master Title Geran Mukim of 1231, Lot 1919 Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Sub basement area comprising of car park facilities within a block of service apartment.	2,893 sq. metres	Freehold	10	11/9/02	
Master Title H.S. (M) 9 - 93, PT 249 Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Sub basement area comprising of car park facilities within a block of service apartment.	2,938 sq. metres	Freehold	10	11/9/02	
PT 449, H.S. (D) 264, Mukim of Padang Mat Sirat, District of Langkawi, State of Kedah Darul Aman.	Land for proposed mixed development.	40,800 sq. metres	Leasehold expiring on 28/4/2090		11/9/02	5,000

# LIST OF PROPERTIES

(CONT'D)

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUI- TION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
PT 181650, PT 80580 & PT 80581, Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan	Land for proposed mixed development.	216.68 acres	Freehold		8/3/02	13,596
Parcels A - G, PT 44013 (part), H.S. (D) 222397, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan	Land for proposed mixed development.	23.59 acres	Leasehold expiring on 16/10/2094		31/8/00*	33,091
PT 203089, H.S. (D) 136260, Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan	Land for proposed mixed development.	92.006 acres	Freehold		1/12/2004	14,964
Parcel D5, held under PT 203091, H.S. (D) 136262, Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan	Land for proposed mixed development.	102.573 acres	Freehold		27/2/2006	9,641
PT 44012 - 44019, H.S. (D) 222396 - 222403, PT 46251 - 46696, H.S. (D) 233311 - 234003, PT 45310 HS (D) 216331, and PT 44594 HS(D) 190972 Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan.	Land for proposed mixed development.	482.12 acres	Leasehold expiring on 16/10/2094		7/10/96, 30/6/97* & 23/6/03	347,133
PT 44015 (part) H.S. (D) 222399, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan.	Land for proposed mixed development.	5.10 acres	Leasehold expiring on 16/10/2094		30/6/11*	63,200
PT 11881 - 11886, H.S. (D) 19019 - 19024 and PT 11968 - 11972, H.S. (D) 20991 - 20995, Mukim Kamunting, District of Larut & Matang, State of Perak Darul Ridzuan (Bukit Jana Golf Club and Development Land, Taiping)	Golf course with a clubhouse and land for the development of residential/ commercial buildings	204.81 acres	Leasehold expiring on 26/5/2102 and 15/2/2104 respectively		31/10/00	10,032

# LIST OF PROPERTIES

(CONT'D)

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUISITION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
Developer's Parcel Nos. 006 of Blocks 3 and 5, Storey No. Ground Floor, Kenanga Apartments, Taman Bunga Raya Phase 1A, held under Master Title H.S.(D) 11247, Lot P.T. No. 12038 Mukim of Serendah, District of Hulu Selangor, State of Selangor Darul Ehsan (Unit Nos C-G-6 & E-G-6, Blocks C and E respectively, Ground Floor, Kenanga Apartments, Persiaran Bunga Raya, Taman Bunga Raya Phase 1A, Bukit Beruntung, 48300 Rawang, SDE.)	2 units of low-cost shops located on the ground floor of 6-storey walk-up low-cost apartment blocks known as Block C and E.	1,444 sq. ft. each	Leasehold expiring on 12/6/2096	11	30/6/11*	340
Developer's Lot No.2, Block A, Type A3, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Master Title H.S.(D) 100996, Lot P.T. No.31431, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 17, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A renovated five-storey intermediate shop-office with an attic floor equipped with a passenger lift	1,950 sq. ft.	Leasehold expiring on 16/10/2094	11	30/6/11*	2,800
Developer's Lot No.1, Block A, Type A1, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Master Title H.S.(D) 100996, Lot P.T. No. 31431 Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 19, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A renovated five-storey corner shop-office equipped with a passenger lift	2,520 sq. ft.	Leasehold expiring on 16/10/2094	11	30/6/11*	3,600

# LIST OF PROPERTIES

(CONT'D)

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUISITION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
Developer's Parcel No. 405, Storey No. 3 & Developer's Parcel Nos. 502, 503A & 505, Storey No. 4, all within Block C1, Developer's Parcel No. 203, Storey No. 1, Block C2 and Developer's Parcel Nos. 203A & 205, Storey No. 1, Developer's Parcel Nos. 403, 403A, 405 & 406, Storey No. 3 and Developer's Parcel Nos. 503A & 507, Storey No. 4, all within Block C3, Serendah Golf Resort Phase 3, held under Master Title H.S.(D) 2050, Lot P.T. No. 1391, Mukim of Serendah, District of Hulu Selangor, State of Selangor Darul Ehsan (Block C1, C2 and C3, Vanessa Apartment, Persiaran Meranti Utara, Serendah Golf Resort, 48200 Serendah, SDE.)	13 units of two bedroom apartments	639 sq. ft. each	Leasehold expiring on 31/5/2088	11	30/6/11*	200
"Pejabat" land held under Master Title H.S.(D) 2052, Lot P.T. No. 1393, Mukim of Serendah, District of Hulu Selangor, State of Selangor Darul Ehsan (38th km post along the Rawang/Tanjung Malim trunk road within the Serendah Golf Links Resort, Serendah, SDE.)	A parcel of commercial land identified as "pejabat"	54,181 sq. ft.	Leasehold expiring on 31/5/2088		30/6/11*	1,350
Developer's Unit No 58-7-2, 7th Floor, Wisma Fortune Heights, held under Master Title Geran 55847, Lot No. 2045 (formerly Grant (First Grade) 16805 GT 912, Lot No. 93), Section 4, Town of Georgetown, District of Timur Laut, State of Pulau Pinang (Unit No. 58-7-2, 7th Floor, Wisma Fortune Heights, Jalan Cantonment, 10350 Georgetown, Pulau Pinang)	An office unit located on the 7th floor of a 8-storey office building with a basement car park	2,575 sq. ft.	Freehold	15	30/6/11*	465

# LIST OF PROPERTIES

(CONT'D)

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUISITION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
H.S.(M) 16957, Lot P.T. No. 27608, Section 4, Locality of Bandar Baru Bangi, Mukim of Kajang, District of Ulu Langat, State of Selangor Darul Ehsan (No. 21, Jalan 4/1A, Section 4, 43650 Bandar Baru Bangi, SDE.)	A double storey intermediate terrace shop-house	1,755 sq. ft	Leasehold expiring on 7/6/2092	18	30/6/11*	450
Developer's Lot No.3, Block A, Type A4, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Master Title H.S.(D) 100996, Lot P.T. No. 31431, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 15, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A renovated five-storey intermediate shop-office with an attic floor equipped with a passenger lift	1,950 sq. ft.	Leasehold expiring on 16/10/2094	11	30/6/11*	2,800
Developer's Lot No.3A, Block A, Type A3, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Master Title H.S.(D) 100996, Lot P.T. No. 31431, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 11A, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A renovated five-storey intermediate shop-office equipped with a passenger lift.	1,950 sq. ft.	Leasehold expiring on 16/10/2094	11	30/6/11*	2,700
Developer's Lot No.5, Block A, Type A4, Phase 1A, Perdana Business Centre, Bandar Damansara Perdana held under Master Title H.S.(D) 100996, Lot P.T. No. 31431, Mukim of Sg. Buloh, District of Petaling, State of Selangor Darul Ehsan (No. 11, Block A, Jln PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, SDE.)	A five-storey intermediate shop-office equipped with a passenger lift	1,950 sq. ft.	Leasehold expiring on 16/10/2094	11	30/6/11*	2,700

# LIST OF PROPERTIES

(CONT'D)

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUI- SITION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
Developer's Parcel No. B2-12-12, Storey No. 12, Block B2, Buginvilla Apartments, Taman Bunga Raya Phase 1C held under Master Title H.S.(D) 11250, Lot P.T. No. 12041, Mukim of Serendah, District of Hulu Selangor, State of Selangor Darul Ehsan (Unit No. C-12-3A, 12th Floor, Block C, Buginvilla Apartment, Taman Bunga Raya Phase 1C, Bukit Beruntung, 48300 Rawang, SDE.)	A three-bedroom medium-cost apartment unit	672 sq. ft.	Leasehold expiring on 12/6/2096	11	30/6/11*	35
Developer's Parcel Nos. 001 to 006 of Blocks 1,2,4 & 6, Storey No. Ground Floor, Kenanga Apartments, Taman Bunga Raya Phase 1A held under Master Title H.S.(D) 11247, Lot P.T. No. 12038, Mukim of Serendah, District of Hulu Selangor, State of Selangor Darul Ehsan (Unit Nos. A-G-1, A-G-3 to A-G-6, B-G-1, B-G-5 & B-G-6, D-G-1, D-G-4 & D-G-6 and F-G-1 & F-G-6, Blocks A, B, D and F respectively, Kenanga Apartments, Persiaran Bunga Raya Phase 1A, Bukit Beruntung, 48300 Rawang, SDE.)	13 units of low-cost shops located on the ground floor of 6-storey walk-up low-cost apartment blocks known as Blocks A, B, D and F	(a) Parcel Nos. 001, 003, 004 and 006 for each block (11 units)- 1,444 sq. ft. per unit (b) Parcel No. 005 for each block (2 units) - 722 sq. ft. per unit	Leasehold expiring on 12/6/2096	11	30/6/11*	1,710
Unit 6294 Blk G (G/121) Laketown Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	310 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	40
Unit D-2-242 Blk D Laketown Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	314 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	40
Unit J-2-222 Blk J Laketown Service Apartment Bukit Merah Laketown	2 bedroom unit in a 3-storey apartment	478 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	60
Unit F-1-102 Blk F Laketown Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	302 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	40

# LIST OF PROPERTIES

(CONT'D)

LOCATION	DESCRIPTION / EXISTING USE	LAND / BUILT-UP AREA	TENURE	AGE OF BUILDING (YEAR)	DATE OF ACQUISITION, DATE OF VALUATION*	NET CARRYING AMOUNT@ 30 JUNE 2010 (RM'000)
Unit 5408 Blk C (C/223A) Palmview Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	319 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	40
Unit 6247 Blk G (G/103A) Laketown Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	310 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	40
Unit 205 Langkawi Lagoon Resort Padand Mat Sirat Langkawi	1 bedroom unit service apartment	420 sq. ft.	Leasehold expiring on 16/10/2094	8	30/6/11*	150
Unit 333 Langkawi Lagoon Resort Padand Mat Sirat Langkawi	1 bedroom unit service apartment	400 sq. ft.	Leasehold expiring on 16/10/2094	8	30/6/11*	140
Unit G-1-132 Blk G Laketown Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	310 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	40
Unit 6320 Blk G (G/245) Laketown Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	310 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	40
Unit H-1-133 Blk H Laketown Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	310 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	40
Unit J-2-245 Blk J Laketown Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	469 sq. ft.	Leasehold expiring on 15/8/2093	8	30/6/11*	60
Unit 5563 Blk D Palmview Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	310 sq. ft.	Leasehold expiring on 15/8/2093	8	27/4/07	34
Unit D-1-123A Blk D Palmview Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	319 sq. ft.	Leasehold expiring on 15/8/2093	8	27/4/07	53
Unit D-0-007 Blk D Palmview Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	319 sq. ft.	Leasehold expiring on 15/8/2093	8	27/4/07	78
Unit E/206 Blk E Palmview Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	310 sq. ft.	Leasehold expiring on 15/8/2093	8	27/4/07	39
Unit E-2-218 Blk E Palmview Service Apartment Bukit Merah Laketown	Studio unit in a 3-storey apartment	310 sq. ft.	Leasehold expiring on 15/8/2093	8	27/4/07	39



# PROXY FORM

**M K Land Holdings Berhad (40970-H)**

CDS account no. of authorised nominee

I/We (name of shareholder as per NRIC, capital letters) \_\_\_\_\_  
 IC No. (new) /ID No. /Company No \_\_\_\_\_ IC No. (old) \_\_\_\_\_  
 of (full address) \_\_\_\_\_  
 being a member(s) of abovenamed Company, hereby appoint \_\_\_\_\_  
 (name of proxy as per NRIC, in capital letters) \_\_\_\_\_  
 IC No. (new) \_\_\_\_\_ IC No. (old) \_\_\_\_\_  
 or failing him/her \_\_\_\_\_  
 (name of proxy as per NRIC, capital letters) \_\_\_\_\_  
 IC No. (new) \_\_\_\_\_ IC No. (old) \_\_\_\_\_

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company to be held at Saujana Ballroom, The Saujana Hotel, Saujana Resort, Jalan Lapangan Terbang Sultan Abdul Aziz Shah, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 6th December 2011 at 10.00 a.m. and at any adjournment of such meeting.

With reference to the agenda set forth in the Notice of Meeting, please indicate with an "X" in the space provided below how you wish your votes to be cast on the ordinary resolution specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.

RESOLUTIONS	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		

Signature of Shareholder(s) or Common Seal

Date :

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
NO. OF SHARES	PERCENTAGE
Proxy 1.....	%
Proxy 2.....	%
	100%

**Notes:**

- 1 A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply.
- 2 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- 3 Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 4 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received. If this Proxy Form is signed by an attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.
- 5 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- 6 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at No. 19, Jalan PJU 8/5H, Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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The Company Secretary  
**M K LAND HOLDINGS BERHAD** 40970 H  
No. 19 Jalan PJU 8/5H  
Perdana Business Centre  
Bandar Damansara Perdana  
47820 Petaling Jaya  
Selangor Darul Ehsan

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No 19 Jalan PJU 8/5H  
Perdana Business Centre  
Bandar Damansara Perdana  
47820 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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