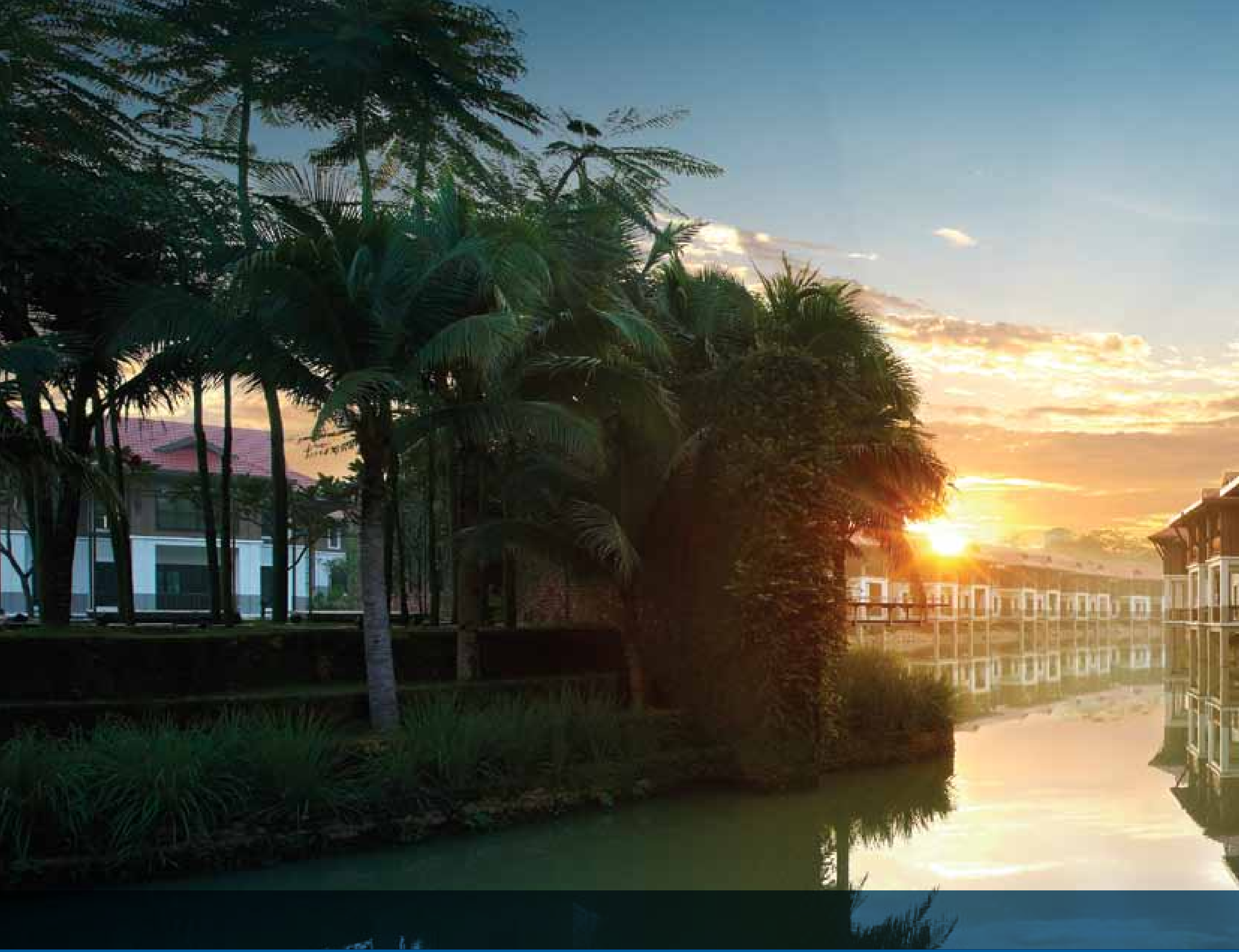
MULPHA INTERNATIONAL BHD

Golf and Country Club in Sanctuary Cove,
Gold Coast, Australia.

ANNUAL REPORT 2010



"The Group continues to review its capital management requirements in order to maintain an optimum level of balance sheet flexibility while continuing to pursue long-term value creation for its unique set of assets across the region."

Lee Seng Huang, Executive Chairman,
Mulpha International Bhd

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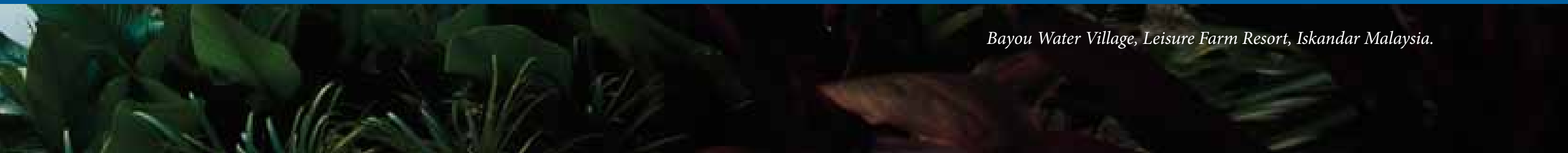


Bayou Water Village, Leisure Farm Resort, Iskandar Malaysia.

CORPORATE PROFILE

Sanctuary Cove's new $13 million Golf and Country Club is one of the most spectacular facilities in the Australian golf arena.

Mulpha International Bhd is a diversified conglomerate and a component stock of the Bursa Malaysia Composite Index since 1983 and listed on the Main Market of Bursa Malaysia Securities Berhad. Its shareholder's fund is in excess of RM2.8 billion.

The Group's focus is on property development and investment, infrastructure and civil construction with operations and investments in Malaysia, Vietnam, Singapore, Hong Kong and Australia.

Over the years, Mulpha has leveraged on its expertise abroad to become Malaysia's largest real estate investor and developer in Australia, owning world-class assets that include Sanctuary Cove and Hyatt Regency Sanctuary Cove in Queensland, InterContinental Sydney, Norwest Business Park Sydney, The Hotel School Sydney, Bimbadgen Estate in New South Wales' Hunter Valley and the world-renowned and award-winning Hayman Great Barrier Reef.

CORPORATE INFORMATION

DIRECTORS

Mr Lee Seng Huang – Executive Chairman
Mr Chung Tze Hien – Chief Executive Officer
Mr Law Chin Wat – Executive Director
Dato' Robert Chan Woot Khoon
Mr Kong Wah Sang
Mr Chew Hoy Ping
Dato' Lim Say Chong

COMPANY SECRETARY

Mr Koh Huat Lai

REGISTERED OFFICE

Bangunan Mulpha
17, Jalan Semangat
46100 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7957 2233 / 7955 1344
Fax : (603) 7955 6685
E-mail : postmaster@mulpha.com.my
Website : www.mulpha.com.my

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7841 8000
Fax : (603) 7841 8008

Sanctuary Cove Boat Show has been recognised as an essential event for the marine industry's national and international marketing with more than 380 exhibitors showcase hundreds of power and sail boats and a wide array of marine products and services.

The Marine Village at Sanctuary Cove boasts a selection of cafes, restaurants and bars and offer options to suit all tastes.

NOTICE OF ANNUAL GENERAL MEETING

Club InterContinental in InterContinental Sydney with views of Harbour Bridge and Sydney Opera House.

Cortile in InterContinental Sydney is perfect for casual business meetings over an espresso or selection of fine teas.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Seventh Annual General Meeting of Mulpha International Bhd will be held on Monday, 27 June 2011 at 10.00 am at Holiday Villa, No. 9, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited financial statements for the year ended 31 December 2010 and the Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To re-elect the following Directors who retire in accordance with Article 101 of the Company's Articles of Association:-
   Mr Law Chin Wat **(Ordinary Resolution 2)**
   Mr Kong Wah Sang **(Ordinary Resolution 3)**

3. To consider and if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965:-
   i) "THAT pursuant to Section 129(6) of the Companies Act 1965, YB Dato' Robert Chan Woot Khoon be and is hereby re-appointed as a Director of the Company to hold office until the next annual general meeting of the Company." **(Ordinary Resolution 4)**
   ii) "THAT pursuant to Section 129(6) of the Companies Act 1965, YB Dato' Lim Say Chong be and is hereby re-appointed as a Director of the Company to hold office until the next annual general meeting of the Company." **(Ordinary Resolution 5)**

4. To approve the payment of Directors' fees for the year ended 31 December 2010. **(Ordinary Resolution 6)**

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

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolutions:-

6. Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965 **(Ordinary Resolution 8)**

   "THAT pursuant to Section 132D of the Companies Act 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) percent of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

7. Proposed renewal of authority for the purchases by the Company of its own shares **(Ordinary Resolution 9)**

   "THAT subject to compliance with the Companies Act 1965, the Articles of Association of the Company, regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("BMSB"), approval be and is hereby given to the Company to utilise an amount not exceeding the share premium account of the Company which stood at RM579,863,000 as at 31 December 2010 to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time on BMSB upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held as treasury shares pursuant to this resolution does not exceed ten (10) per centum of the issued and paid-up share capital of the Company for the time being;

   AND THAT such authority shall commence upon the passing of this resolution and shall remain in force until:-

   (a) the conclusion of the next annual general meeting of the Company unless the authority is renewed either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

   whichever occurs first.

AND THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary and to enter into any agreements and arrangements with any party or parties to implement, finalise and give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities."

8. To transact any other business of which due notice shall have been received.

By order of the Board

KOH HUAT LAI
Company Secretary

Petaling Jaya
3 June 2011

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its common seal or the hand of its attorney.
3. The instrument appointing the proxy must be deposited at the Company's Registered Office at No. 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory notes on Special Business

1. Ordinary Resolution 8 – Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965

   The proposed Resolution is to empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company, such as investment(s), acquisition of asset(s) or working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company. The Company did not issue any shares pursuant to the mandate granted last year. Nevertheless, a renewal of the mandate is sought to avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

2. Ordinary Resolution 9 – Proposed renewal of authority for the purchases by the Company of its own shares

   The details on Ordinary Resolution 9 on the proposed renewal of share buyback authority are set out in the Share Buyback Statement to shareholders dated 3 June 2011 which is enclosed with the Annual Report 2010.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election or re-appointment are as follows:-

   Under Article 101

   Mr Law Chin Wat **(Ordinary Resolution 2)**
   Mr Kong Wah Sang **(Ordinary Resolution 3)**

   Under Section 129(6)
   of the Companies Act 1965

   YB Dato' Robert Chan Woot Khoon **(Ordinary Resolution 4)**
   YB Dato' Lim Say Chong **(Ordinary Resolution 5)**

   Please refer to "Directors' Profile" on pages 12 to 14 for information on the above Directors.

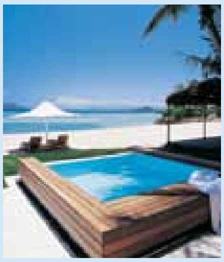
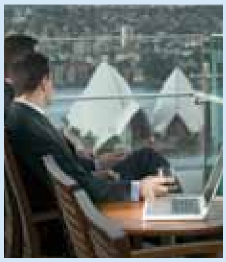
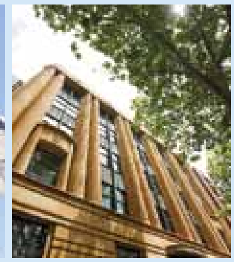
2. Place, date and time of the Annual General Meeting

   The Thirty Seventh Annual General Meeting of Mulpha International Bhd will be held at Holiday Villa, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 27 June 2011 at 10.00 am.

Hayman is acknowledged as Australia's tourism icon and a leader in resort excellence.

Hayman welcomes guests to enjoy a unique and memorable experience offering luxury, relaxation and adventure.

AWARDS & ACHIEVEMENTS



HAYMAN

Hayman has been consistently recognised as a world leader in resort excellence with prestigious accolades. Hayman's Hall of Fame status and awards for 2010 include:

Australian Tourism Awards
Hall of Fame – Best Luxury Accommodation

Queensland Tourism Awards
Hall of Fame – Best Luxury Accommodation

National Travel Industry Awards
Hall of Fame – Best Hotel/Resort Australia

The Australian Travel & Tourism Awards
Best Resort Accommodation

Travel + Leisure US
Top 5 Hotels Australia & South Pacific, World's Coolest Pools, World's Best Service Awards

Conde Nast Traveler US
Top 10 Overseas Leisure Hotels

Conde Nast Traveller UK
Top 5 Overseas Leisure Hotels, Top Spas Australasia & South Pacific

Luxury Travel & Style Magazine Gold List
Best Australian Resort

Queensland Hotels Association Awards for Excellence
Best Deluxe 5-Star Hotel, Best Restaurant

HM Awards
Australian Hotel Executive Chef of the Year Highly Commended

National Savour Australia Catering Awards
Best Tourism Restaurant, Best European Restaurant, Best Asian Restaurant, Best Corporate Caterer, Best Wedding Caterer

Savour Australia Catering Awards Queensland – Restaurant of the Year, Corporate Caterer of the Year

Pevonia National Awards
Hotel/Resort Spa Customer Service Excellence

INTERCONTINENTAL SYDNEY

2010 Travel + Leisure World's Best Awards
Top 10 City Hotels

2010 Luxury Gold List
Finalist Best Australian Hotel

2010 AFTA National Travel Industry Awards
Finalist Best Hotel

SANCTUARY COVE

2010 UDIA Queensland Awards for Excellence
Finalist – Masterplanned Development for Sanctuary Cove Resort

Finalist – Retail/Commercial – Small – Under 3000m2 for Sanctuary Cove Golf and Country Club

99 MACQUARIE STREET

2010 Urban Taskforce Australia Development Excellence Awards
Winner – Heritage Preservation

LEISURE FARM RESORT

PAM AWARDS 2010
Honorary Mention – Multiple Residential Buildings (Low Rise) – Bayou Water Village

Shortlisted Entries – Single Residential Buildings – Loft Villa

S.C. CHEAH CHOICE AWARDS 2010
Winner – Best Resort Development

MALAYSIA LANDSCAPE ARCHITECTURE AWARDS (ILAM) 2010
Honour Award – In The Professional Category for Excellent Landscape Design & Planning – Bayou Water Village

NORWEST BUSINESS PARK

2010 UDIA NSW Awards
Winner – Best Masterplanned Development in 2010

BIMBADGEN WINERY

2010 National Cool Climate Wine Show - Bathurst

BRONZE – Bimbadgen Estate 2009 Barbera

2010 Royal Hobart International Wine Show

SILVER – Bimbadgen MCA Art Series 2010 Roussanne Marsanne Viognier
BRONZE – Bimbadgen MCA Art Series 2009 Shiraz Cabernet Sauvignon
BRONZE – Bimbadgen Estate 2009 Shiraz

2010 NSW Wine Awards

SILVER – Bimbadgen Signature 2007 Semillon
BRONZE – Bimbadgen Estate 2008 Hunter Valley Chardonnay
BRONZE – Bimbadgen MCA Art Series 2009 Roussanne Marsanne Viognier

2010 Royal Melbourne Wine Show

BRONZE – Bimbadgen MCA Art Series 2009 Roussanne Marsanne Viognier
BRONZE – Bimbadgen Members Collection 2008 Pinot Noir
BRONZE – Bimbadgen MCA Art Series 2008 Shiraz Cabernet Sauvignon
BRONZE – Bimbadgen Estate 2006 Botrytis Semillon
BRONZE – Bimbadgen Estate 2007 Botrytis Semillon

2010 Royal Adelaide Wine Show

SILVER – Bimbadgen Estate 2008 Chardonnay
SILVER – Bimbadgen Estate 2008 Shiraz
BRONZE – Bimbadgen Signature 2007 McDonalds Road Semillon

2010 Riverina Wine Show

SILVER – Bimbadgen Estate 2008 Shiraz
BRONZE – Bimbadgen Estate 2008 Chardonnay
BRONZE – Bimbadgen Signature 2009 Palmers Lane Semillon
BRONZE – Bimbadgen Signature 2007 McDonalds Road Semillon

Beach Villas, Hayman Great Barrier Reef.

PREMIUM LUXURY DEVELOPMENTS

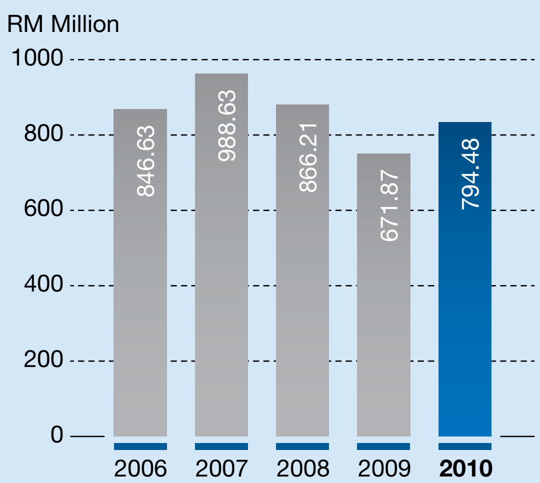
Luxury knows no boundaries when it comes to Mulpha's exclusive establishments. From privileged luxe living to extravagant retreats, the Group continues to exceed expectations and go beyond the norm to provide unparalleled exclusivity to its customers. Its latest venture sees a distinctive addition of absolute luxury to the Hayman paradise, with eight Beach Villas that offer guests unobstructed views of the renowned Coral Sea.

GROUP'S FIVE YEARS FINANCIAL HIGHLIGHTS

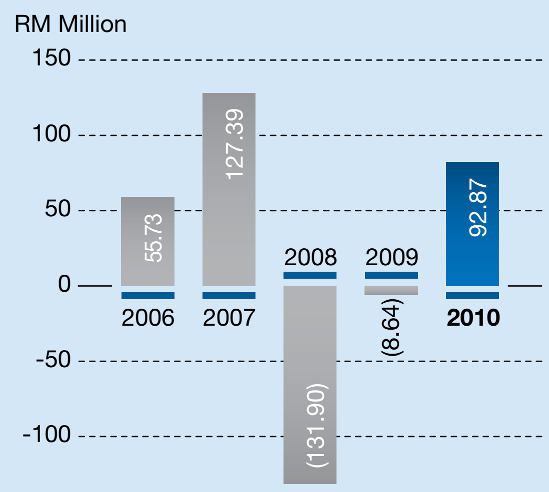
	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
ASSETS					
Non-Current Assets	3,439,250	3,455,671	2,717,543	2,748,415	2,604,942
Current Assets	1,073,289	693,792	918,482	1,146,187	936,290
Total Assets	4,512,539	4,149,463	3,636,025	3,894,602	3,541,232
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	1,177,957	588,978	627,485	627,485	627,485
Reserves	1,642,674	1,603,169	1,273,266	1,758,336	1,509,344
Equity Attributable To Equity Holders Of the Company	2,820,631	2,192,147	1,900,751	2,385,821	2,136,829
Minority Interests	97,797	48,134	160,751	152,991	125,166
Total Equity	2,918,428	2,240,281	2,061,502	2,538,812	2,261,995
Liabilities					
Non-Current Liabilities	1,166,687	312,238	1,053,057	1,006,745	911,326
Current Liabilities	427,424	1,596,944	521,466	349,045	367,911
Total Liabilities	1,594,111	1,909,182	1,574,523	1,355,790	1,279,237
Total Equity And Liabilities	4,512,539	4,149,463	3,636,025	3,894,602	3,541,232
GROUP RESULTS					
Profit/(Loss) Before Taxation	92,870	(8,640)	(131,898)	127,387	55,734
Taxation	20,824	19,103	20,549	(7,668)	2,592
Profit/(Loss) After Taxation	113,694	10,463	(111,349)	119,719	58,326
Minority Interests	(766)	(20,192)	(10,366)	473	(3,681)
Net Profit/(Loss)	112,928	(9,729)	(121,715)	120,192	54,645
SELECTED RATIOS					
Earnings/(Loss) Per 50 Sen Share (Sen)	5.35	(0.76)	(10.22)	9.90	4.58
Net Tangible Assets Per Share (RM)	1.20	1.85	1.60	1.95	1.80

GROUP'S FIVE YEARS FINANCIAL HIGHLIGHTS

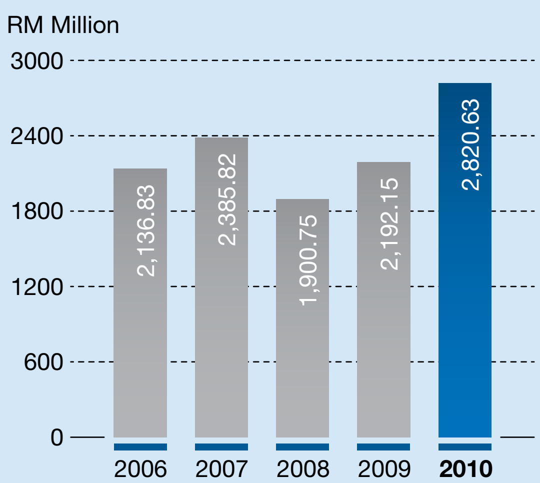
REVENUE



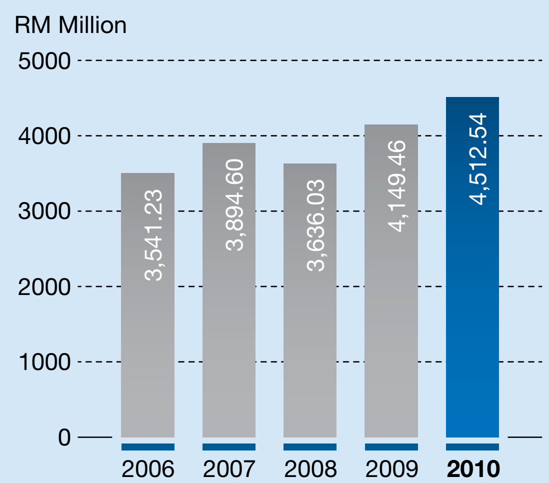
PROFIT/(LOSS) BEFORE TAX



SHAREHOLDERS' FUNDS



TOTAL ASSETS



BOARD OF DIRECTORS

Mr Lee Seng Huang

Non-Independent Executive Chairman

Mr Lee, aged 36, a Malaysian, was appointed Executive Chairman of the Company on 15 December 2003. He was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region. He has previously served, in various capacities, on the Board of Directors of Lippo Limited, Lippo China Resources Limited in Hong Kong, Auric Pacific Group Limited in Singapore as well as the Export and Industry Bank, Inc. in the Philippines. He is currently the executive chairman of Sun Hung Kai & Co. Ltd. ("SHK"). Listed in Hong Kong, SHK is the leading non-bank financial institution in Hong Kong. Mr Lee is the chairman of FKP Property Group, a leading property developer listed on the Australian Securities Exchange. He is also a Non-Executive Director of Mudajaya Group Berhad and Ambrian Capital PLC, a company listed on the Alternative Investment Market of the London Stock Exchange.

Mr Lee Seng Huang is the son of Madam Yong Pit Chin, a major shareholder of the Company. Save as disclosed, Mr Lee has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.

Mr Chung Tze Hien

Non-Independent Executive Director

Chairman of Tender Committee

Member of Remuneration and Risk Management Committees

Mr Chung, aged 60, a Malaysian, was appointed Chief Executive Officer of the Company on 27 February 2001. He graduated from the University of Otago, New Zealand with a Commerce Degree and later proceeded to qualify as an Associate Member of the Institute of Chartered Accountants of New Zealand and the Institute of Chartered Secretaries and Administrators of United Kingdom. Prior to joining the Company, Mr Chung worked for and held senior managerial positions in several public listed companies in Hong Kong, Singapore and Malaysia involving a variety of industries and businesses. He is also the Chairman of Mulpha Land Berhad and a Director of Mulpha Australia Limited, Manta Holdings Company Limited, Hong Kong and Rotol Singapore Ltd.

Mr Chung Tze Hien has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.

Mr Law Chin Wat

Non-Independent Executive Director

Chairman of Risk Management Committee

Member of Tender Committee

Mr Law, aged 59, a Malaysian, was appointed as an Executive Director of Mulpha International Bhd on 11 September 2000. He has previously held directorships and been involved in many local and overseas companies dealing in varied businesses including property development & construction, timber, portfolio investments and trading. Prior to this, he has held senior financial management positions in public listed companies after having worked and gained broad experience in finance, auditing and taxation in a major international accounting firm for several years. Mr Law graduated with a Master of Business Administration degree, (MBA) from University of East Asia, Macau in 1986.

Mr Law Chin Wat has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.

Dato' Robert Chan Woot Khoon

Non-Independent Non-Executive Director

Chairman of Nomination Committee

Member of Remuneration Committee

Dato' Robert Chan, aged 72, a Malaysian, was appointed to the Board on 7 July 1997. He was the founder of the Palmco Group of companies and was its Chief Executive Officer from 1971 to 1992 and Executive Director from 1992 to 1995. He has been an office bearer in various palm oil related statutory bodies and associations and is an Ex President and Advisor to the Penang Chinese Chamber of Commerce. He is also a Director of Unico Holdings Bhd.

Dato' Robert Chan Woot Khoon has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.

Mr Kong Wah Sang

Independent Non-Executive Director

Chairman of Remuneration Committee

Member of Audit and Nomination Committees

Mr Kong, aged 52, a Malaysian, was appointed to the Board on 21 November 2002. Mr Kong is a graduate of Monash University, Melbourne, Australia with a Bachelor of Economics degree and a member of CPA Australia. He has broad experience in accounting, finance, management consulting and information technology and is presently a Director of a management consulting firm.

Mr Kong Wah Sang has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.

BOARD OF DIRECTORS

Mr Chew Hoy Ping

Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination Committee

Mr Chew, aged 54, a Malaysian, was appointed to the Board on 16 May 2007. He has extensive experience in professional services and banking both locally and internationally. Mr Chew served with PriceWaterhouseCoopers, an international accounting firm, for almost 30 years, during which time he worked in and led a diverse range of accounting and advisory engagements. He also acted in various leadership roles in the firm both in Malaysia and Asia. His expertise covers accounting, corporate finance, business restructurings, mergers and acquisitions, valuations, risk management, and bank management and financing.

Mr Chew Hoy Ping has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.

Dato' Lim Say Chong

Independent Non-Executive Director
Member of Audit Committee

Dato' Lim, aged 70, a Malaysian, was appointed to the Board on 6 August 2007. Dato' Lim obtained a Bachelor of Arts with honours in Economics from the University of Malaya and a Masters in Business Administration from the University of British Columbia, Canada. He also attended an Advanced Management Programme at the Harvard Business School, Boston, USA. Dato' Lim worked with the Imperial Chemical Industries (ICI) PLC's Group of Companies in Malaysia and abroad for 30 years, during which time he served on the Board of several companies within the Group in Malaysia and South East Asia. He later became the Managing Director of the ICI (Malaysia) Group for 5 years. Dato' Lim was the Group Managing Director of Chemical Company of Malaysia Bhd from 1989 to 2004. Dato' Lim is also the Chairman of Carlsberg Brewery Malaysia Bhd and a Director of Malaysian Carbide Industries Berhad.

Dato' Lim Say Chong has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.

Norwest Business Park, North-West Sydney, New South Wales.

WELL COMMENDED ESTABLISHMENTS

The Group prides itself for establishing innovative and sustainable developments that are widely acclaimed, both locally and globally. The myriad of prestigious awards garnered by the Group every year is testament to its accomplishment of earning vast recognition as a top name in the property industry.

CHAIRMAN'S STATEMENT

Bale's multipurpose conference centre and breakout rooms are ideal for meetings of various sizes.

D'rimbunan, the mind centre of Leisure Farm Resort, where all administrative, infrastructure and sales services are housed under one roof.

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the year ended 31 December 2010.

FINANCIAL HIGHLIGHTS

2010 was a year in which the global economy continued its fragile recovery. The countries in which the Group operates experienced resumption of economic growth thus contributed to the improvement in the Group's performance for 2010. Group revenue for 2010 was RM794.5 million, an improvement from RM671.9 million reported in the preceding year and the Group achieved a profit turnaround to RM112.9 million, compared to a loss of RM9.7 million in 2009.

Asset values recovered in the year and the consequential reversals of previous years impairments partly contributed to the rise in income for the Group. The improved market conditions also prompted our listed associate, Mudajaya Group Berhad, to conduct a private placement of shares during the year, resulting in the Group recognising a RM29.8 million gain on dilution of the Group's interest.

As at 31 December 2010, the Group's net assets was RM2.918 billion, boosted by the 1 for 1 RM0.50 two-call rights issue completed in March 2010. The Group's net assets position also improved on the back of better profit performance and the increasing value of the Australian Dollar, in which a significant proportion of the Group's assets are denominated. Net assets per share however fell to RM1.20 from RM1.86 per share in 2009, as a direct result of the dilution that arose from the rights issue.

Pursuant to the mandate given by the shareholders for the Company to buy back up to 10% of the issued shares, the Company has up to 30 April 2011, repurchased 15,782,900 shares costing approximately RM7.91 million at an average of RM0.50 per share. The Board of Directors will seek your approval at the forthcoming annual general meeting to renew the mandate for another year.

REVIEW OF OPERATIONS

REAL ESTATE

MALAYSIA

Leisure Farm, the Group's 1,765 acre award winning master planned residential resort development in Malaysia, located within Iskandar Malaysia, Johor, registered a pre-tax profit of RM22.9 million during the year. Leisure Farm's lush greenery, serene and secured countryside development is home not only to an amazing variety of migratory birds but also to an international community now comprising of 35 nationalities. These luxurious and expansive homes have set new benchmarks in pricing in the Iskandar Malaysia region. Leisure Farm continues to gain wide-spread recognition, with the most recent being a national landscape design award. A new phase, Precinct 7, Bayou Creek East, with an initial 90 units of gated and guarded Semi-detached and Bungalow homes set within community parks and themed gardens along a waterfront canal is set to launch in 2011.

The Group has also commenced construction on its high-end bungalow development in Bangsar, Kuala Lumpur, with a gross development value of approximately RM75 million. This project comprises of 7 luxurious three-storey bungalows with two show bungalows ready by mid 2011 for viewing. The entire development is expected to be completed by early 2012.

AUSTRALIA

Sanctuary Cove, the Group's 474-hectare award winning development on Queensland Gold Coast, is Australia's leading lifestyle residential enclave, complemented by two championship golf courses, four harbours, restaurants, cafes, boutiques and the 5 star Hyatt Regency Sanctuary Cove hotel. Infrastructure works completed during the year included a new entry boulevard, a revitalised Marine Village, a new A$13 million golf clubhouse and a major revamp of The Palms golf course. Integrated trail system for buggies, bikes and pedestrians and increased security have also been added or enhanced. The performance of Sanctuary Cove in 2010 continued to improve with revenue increasing A$24.9 million over the previous year, as a result of improved land sales and income from joint-ventures.

The Group's hotel portfolio, comprising of InterContinental Hotel Sydney, Hilton Melbourne Airport, Hyatt Regency Sanctuary Cove and Hayman Great Barrier Reef, collectively registered profit in 2010 of A$7.5 million. The Sydney and Melbourne properties' performance continued to strengthen, registering higher occupancy and room rates during the year. Hyatt Regency Sanctuary Cove performed to budget.

Hayman Great Barrier Reef unfortunately was battered by two cyclones in early 2011 which caused significant damage to the resort. As a result, the resort has been closed for 5 months for repair and remedial works. However, the resort assets and the costs of the closure are covered by comprehensive insurance policies and as such, the resort's closure is not expected to have a material impact to the Group's financial results for 2011.

FKP Property Group ("FKP"), a 25.3% Australian listed associate of the Group, is the leading owner and operator of retirement villages in Australia and New Zealand. The global financial crisis in 2009 had resulted in FKP registering significant asset impairments but as asset values stabilised during the year, FKP returned to profitability. The rebounding operating performance of its retirement, residential and commercial businesses in 2010 resulted in the Group taking up A$14.48 million equity share of FKP's profit in 2010, compared to our share of losses of A$24.78 million in 2009.

INFRASTRUCTURE AND CONSTRUCTION

Mudajaya Group Berhad ("Mudajaya"), a 21.8% Malaysian listed associate of the Group, recorded a strong performance in 2010 with the Group's share of profit amounting to RM44.97 million. Mudajaya has a significant construction order book of RM4.6 billion as at 31 March 2011. Some of

Norwest provides the opportunity to live and work within the same district.

The 377-hectare world-class Norwest Business Park located at Baulkham Hills in the northwest sector of Sydney, New South Wales.

the major on-going construction projects include: (i) Equipment Procurement contracts for the 4 x 360 MW IPP Coal-fired Power plant at Chhattisgarh, India (ii) Crest Sultan Ismail service apartments and office blocks, (iii) Batu Kawah New Township and (iv) the Kuala Lumpur-Kuala Selangor expressway (KLKSE) Package 1 -Assam Jawa to Kundang and Package 2 -Kundang to Taman Rimba Templer.

In January 2010, Mudajaya successfully placed 37,238,500 ordinary shares to local and international institutional investors (representing approximately 10% of Mudajaya's issued and paid-up share capital) at an issue price of RM4.80 per share. The gross proceeds raised from the placement was RM178.7 million.

Manta Holdings Company Limited ("Manta"), a 75% Hong Kong listed subsidiary of the Group, achieved a pre-tax profit of HK$18.9 million in 2010, its result being impacted by a once-off charge of HK$8.3 million for the listing expenses incurred. Manta is involved in the sale, rental and servicing of construction equipment, principally the market leading 'Potain' brand of tower cranes.

Indochine Park Tower, a unique residence in the heart of Ho Chi Minh City boasting 55 luxurious and spacious three-bedroom apartments.

Manta group of companies are involved in trading and leasing of construction machinery with presence in Hong Kong, China, Singapore and Vietnam.

CORPORATE DEVELOPMENTS

The Group continues to review its capital management requirements in order to maintain an optimum level of balance sheet flexibility while continuing to pursue long-term value creation for its unique set of assets across the region.

- The Company's Rights Issue

  The Company in March 2010, completed a renounceable two-call rights issue exercise which was strongly supported by shareholders. This resulted in the listing of 1,177,956,579 rights shares on the Main Market of Bursa Malaysia Securities Berhad. The rights issue price was at RM0.50 per rights share and payable in two calls, the first call of RM0.40 per rights share payable in cash and the second call of RM0.10 per rights share capitalised from the Company's share premium account. This exercise raised gross proceeds of RM471.2 million which as at 30 April 2011, was utilised in the following manner:

	Original utilisation RM'000	Re-allocation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Repayment of bank borrowings of the Group	123,000	181,483	(304,483)	-
Working capital for the Group	347,183	(181,914)	(122,999)	42,270
Defray expenses relating to the rights issue	1,000	431	(1,431)	-
	471,183	-	(428,913)	42,270

- Listing of Manta group

  The Group successfully listed Manta Holdings Company Limited ("Manta") on the Main Board of the Stock Exchange of Hong Kong on 19 July 2010. The listing involved Manta undertaking a public issue of 50,000,000 new Manta shares, representing 25% of the enlarged issued and paid-up share capital of Manta and raised HK$50 million before listing expenses.

- Par Value Reduction and Rights Issue of Mulpha Land Berhad

  (i) Mulpha Land Berhad ("MLB"), a 70.5% Malaysian listed subsidiary of the Group, had in 2010 undertaken a reduction of its issued and paid-up share capital via the cancellation of RM0.90 of the par value of each existing ordinary share of RM1.00 each. The market price of MLB's shares were trading below its par value of RM1.00 per share for some time which made it difficult for MLB to embark on any fund raising exercise or corporate exercises involving issuance of new shares. The reduced RM0.10 par value provides greater flexibility for funds raising when required. The par value reduction exercise was completed on 1 September 2010.

  (ii) On 4 May 2011, MLB announced the following proposals :-

  (a) a renounceable rights issue of 456,605,000 rights shares and 273,963,000 free warrants at an indicative issue price of RM0.22 per rights shares on the basis of five (5) rights shares and three (3) warrants for every one (1) existing share held in MLB;

  (b) an increase in the authorised share capital of MLB from RM120,000,000 comprising 200,000,000 ordinary shares of RM0.10 each ("Ordinary Shares"), and 100,000,000 preference shares of RM1.00 each ("Preference Shares") to RM200,000,000 comprising 1,000,000,000 Ordinary Shares and 100,000,000 Preference Shares; and

  (c) amendments to the Memorandum and Articles of Association of MLB to effect the proposed increase in authorised share capital.

  MLB has procured an unconditional and irrevocable undertaking from its major shareholder, Mulpha International Bhd, to fully subscribe its own entitlement under the above proposed rights issue as well as an unconditional and irrevocable undertaking to fully subscribe for all the rights shares not subscribe by the other entitled shareholders and/or their renounce(s).

Menara Mulpha, a 30-storey grade A office tower, is designed by the world-renown New York architect, Kohn Pederson Fox.

The proposed rights issue shall raise gross proceeds of approximately RM100.5 million based on the indicative issue price of RM0.22 per rights share.

MLB's proposed rights issue is to raise the requisite funds to finance future business investments and/or projects which may include, inter alia, acquisition of development lands, property development projects and/or companies, both locally and overseas. The increase in shareholders' funds and equity base of the MLB will also allow it to tap on sizable debt financing for future capital requirements.

- Disposal of Hilton Melbourne Airport Hotel

  The disposal of Hilton Melbourne Airport Hotel was completed on 31 March 2011 for a cash consideration of A$108.9 million, resulting in a profit of A$76.8 million. In the absence of an opportunity to redeploy the proceeds from the sale, the funds have been utilised to reduce the Group's borrowings in the interim.

  The 5-star 276 room Hilton Melbourne Airport Hotel was acquired in 2004 as part of the Principal Hotel portfolio acquisition. Through active asset management, the EBITDA was increased from A$4.1 million in 2004 to A$8.6 million in 2010 resulting in a valuation increase from A$42.2 million to A$108.9 million. Management believed that it had maximised the value of this asset and consequently put the asset to the market.

- Proposed Dividend Reinvestment Plan

  On 10 May 2011, the Company announced a dividend reinvestment plan that provides shareholders the option to elect to reinvest the dividend in new shares of the Company. This is part of the Company's capital management programme aimed to enhance shareholder value while strengthening the Company's capital position via the reinvestment of the dividend by shareholders.

PROSPECTS

In the coming year, the Group should continue to outperform in tandem with the improving economic fundamentals of the global economy and rising asset values. However, the global recovery remains volatile, with ongoing structural weaknesses, evident in Europe as well as the United States. This is exacerbated by the geopolitical turmoil in North Africa as well as ongoing uncertainties as a result of the recent large scale natural disasters. Nevertheless, management is cautiously optimistic that with a solid balance sheet, a world class asset base and locked in profits from asset disposals, 2011 will be stronger than 2010.

APPRECIATION

I wish to express the Board's appreciation to the management and staff for their efforts and dedication. Their contribution and commitment to the Group are commendable. I also wish to thank our shareholders, financiers and customers for their continued support in the past year.

LEE SENG HUANG
Chairman
20 May 2011

Leisure Farm Resort incorporates the Mind, Body and Soul concept to its development.

Each units in Enclave bangsar are equipped with private glass lift.

Pavilion showvilla in Merbok Creek, Leisure Farm Resort, Iskandar Malaysia.

SUSTAINABLE GREEN PROJECTS

With every development, Mulpha sees to it that its commitment to conserve, protect and preserve the environment is met. Its award-winning developments, such as Mulpha's 3G Homes, incorporate intelligent green features, sustainable elements and recyclable materials to ensure minimal wastage and energy consumption. The Group believes that it is with these efforts that we can nurture and safeguard the environment for generations to enjoy.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to the principles of corporate governance as set out in the Malaysian Code on Corporate Governance ("Code") which was revised on 1 October 2007. Set out below is a statement on how the Company has applied the principles and complied with the best practices laid down in the Code for the year ended 31 December 2010.

1. BOARD OF DIRECTORS

1.1 The Board

The Board leads and controls the Group. The Board is responsible for the overall performance of the Group and focuses on strategies, performance, standards of conduct, financial and major business matters.

The Board has adopted a five-year strategic plan for the Group's Malaysian property division. An organisation performance management system has been established. To align the performance of management with the achievement of the strategic goals, key performance indicators are set annually.

The Board meets at least four times a year, with additional meetings convened when necessary. Due notice is given for the meetings and matters to be dealt with. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions to which are attached sufficient information required for an informed decision.

Four meetings were held during the year ended 31 December 2010. The following is a record of the attendance of the Directors:-

Director	No. of meetings attended
Mr Lee Seng Huang	4/4
Mr Chung Tze Hien	4/4
Mr Law Chin Wat	4/4
Dato' Robert Chan Woot Khoon	3/4
Mr Kong Wah Sang	4/4
Mr Chew Hoy Ping	3/4
Dato' Lim Say Chong	4/4

1.2 Board Balance

The responsibilities of the Chairman and the Chief Executive Officer are clearly defined to ensure a proper balance of power and authority. The Chairman is primarily responsible for matters pertaining to the Board while the Chief Executive Officer oversees the day to day operations and implementation of the Board's policies and decisions.

The Board currently has seven members comprising three Executive Directors and four Non-Executive Directors. Of the four Non-Executive Directors, three are independent, thereby fulfilling the one-third requirement.

Collectively, the Directors bring a wide range of business and financial experience relevant to the Group. The role of the Independent Directors provides independent judgement, check and balance on the Board. A brief profile of each Director is presented on pages 12 to 14.

Mr Kong Wah Sang has been appointed by the Board as the Independent Non-Executive Director to whom any concern regarding the Company may be conveyed.

1.3 Supply of Information

All Directors are provided with an agenda and a set of Board papers at least one week prior to a Board meeting to enable the Directors to review and consider the items to be deliberated at the Board meeting. Sufficient time is given for the Directors to request for further explanations and/or information, where necessary.

Bayou Water Village comprised of bungalows, semi-detached and terraced homes overlooking the canal.

Leisure Farm Resort, situated within Iskandar Malaysia, is one of Malaysia's most prestigious gated and guarded development resort.

The Board papers include, inter alia, the following:-

(i) quarterly progress report by the Chief Executive Officer;
(ii) quarterly financial report; and
(iii) minutes/decisions of meetings of the Committees of the Board.

All Directors have access to the advice and service of the Company Secretary and where necessary, obtain independent professional advice at the Company's expense in the furtherance of their duties.

1.4 Appointments to the Board

The Nomination Committee recommends the appointment of new Directors to the Board. In pursuance of the Continuing Education Programme, the Directors attended seminars and courses during the year to keep abreast of current and regulatory matters.

The Company has in place a familiarisation programme for new Board members, which includes visits to the Group's businesses and meetings with senior management, to facilitate their understanding of the Group.

1.5 Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election at the next Annual General Meeting following their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting provided that all Directors shall retire from office at least once every three years but shall be eligible for re-election.

1.6 Board Committees

The Board has delegated specific responsibilities to the following Committees:-

(a) Audit Committee
Please refer to the Audit Committee Report on pages 29 to 30.

(b) Nomination Committee
The Nomination Committee comprises exclusively of Non-Executive Directors, with Dato' Robert Chan Woot Khoon as Chairman and Mr Kong Wah Sang and Mr Chew Hoy Ping as members.

The main responsibilities of the Nomination Committee are as follows:-

(i) recommend new nominees to the Board and Board Committees;
(ii) assist the Board in annually reviewing its required mix of skills, experience and other qualities of the Non-Executive Directors; and
(iii) assessing the effectiveness of the Board and Board Committees and the contribution of each Director.

The Nomination Committee met once and the meeting was attended by all its members.

(c) Remuneration Committee
The Remuneration Committee comprises mainly Non-Executive Directors, with Mr Kong Wah Sang as Chairman and Dato' Robert Chan Woot Khoon and Mr Chung Tze Hien as members.

The main responsibilities of the Remuneration Committee are to recommend to the Board the following:-

(i) remuneration package of each Director; and
(ii) incentive schemes, profit sharing arrangements or the like for management or other employees.

The Remuneration Committee met once and the meeting was attended by all its members.

2. DIRECTORS' REMUNERATION

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of Executive Directors, the remuneration is structured to link rewards to corporate and individual performance based on key performance indicators. For Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

The Remuneration Committee recommends to the Board the remuneration (including fees) for each Director of the Company. Fees are subject to the approval of the shareholders.

The details of the Directors' remuneration of the Company for the year ended 31 December 2010 and the analysis into remuneration bands are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	225
Emoluments	1,940	-
Benefits-in-kind	75	-
	2,015	225

Range of remuneration (RM)	Number of Directors Executive	Non-Executive
50,000 and below		3
50,001 - 100,000		1
300,001 - 350,000	1	
450,001 - 500,000	1	
1,150,001 - 1,200,000	1	

3. SHAREHOLDERS

3.1 Communication Between The Company and Investors

The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Malaysia are made on significant developments and matters within the Group. Financial results are released on a quarterly basis to provide shareholders with a regular overview of the Group's performance. The Corporate Communications Department of the Company also arranges press interviews and briefings and releases press announcements to provide information on the Group's business activities, performance and major developments.

3.2 Shareholders' Meeting

The Company's practice is to give as much notice as possible to shareholders of its general meetings. In addition, notices of general meetings with sufficient information of business to be dealt with thereat are published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. General meetings represent the principal forum for dialogue and interaction with shareholders. It is the policy of the Board to have all its members present at shareholders' meetings. At such meetings, shareholders have direct access to the Directors and are encouraged to participate in the question and answer session.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. The Board considers that in preparing the financial statements and announcements, the Group has used appropriate accounting policies and standards, consistently applied and supported by reasonable and prudent judgements and estimates.

4.2 Internal Control

The Board affirms its overall responsibility for the Group's system of internal controls covering not only financial controls but also controls relating to operational, compliance and risk management. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. Please refer to the Statement on Internal Control on pages 27 to 28.

4.3 Audit Committee

The information on the Audit Committee is presented in the Audit Committee Report on pages 29 to 30.

Through the Audit Committee, the Company has established an appropriate relationship with the Company's auditors, both internal and external. The external auditors attended the Audit Committee's meetings when necessary.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 1965 to prepare financial statements which are in accordance with applicable approved financial reporting standards and give a true and fair view of the financial position of the Group and Company at the end of the financial year and of the financial performance and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- ensured that the financial statements are in accordance with the provisions of the Companies Act 1965, the applicable financial reporting standards and the Listing Requirements of Bursa Malaysia;
- adopted the appropriate accounting policies and applied them consistently; and
- made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that the Group and Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 1965.

6. OTHER INFORMATION

6.1 Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders.

FKP is committed to providing retirement lifestyles, facilities and services that enable retirees to live the life they have always wanted.

Aerial, one of FKP retirement villages and communities.

The composition of the Board Committees and the attendance of members at Board Committee meetings are reflected as follows:-

Composition of Board Committees

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management	Tender Committee
Mr Lee Seng Huang Non-Independent Executive Chairman	C					
Mr Chung Tze Hien Non-Independent Executive Director	M			M	M	C
Mr Law Chin Wat Non-Independent Executive Director	M				C	M
Dato' Robert Chan Woot Khoon Non-Independent Non-Executive Director	M		C	M		
Mr Kong Wah Sang Independent Non-Executive Director	M	M	M	C		
Mr Chew Hoy Ping Independent Non-Executive Director	M	C	M			
Dato' Lim Say Chong Independent Non-Executive Director	M	M				

Attendance at Board Committee Meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management	Tender Committee
Mr Lee Seng Huang Non-Independent Executive Chairman	4/4					
Mr Chung Tze Hien Non-Independent Executive Director	4/4			1/1	1/1	5/5
Mr Law Chin Wat Non-Independent Executive Director	4/4				1/1	5/5
Dato' Robert Chan Woot Khoon Non-Independent Non-Executive Director	3/4		1/1	1/1		
Mr Kong Wah Sang Independent Non-Executive Director	4/4	5/5	1/1	1/1		
Mr Chew Hoy Ping Independent Non-Executive Director	3/4	4/5	1/1			
Dato' Lim Say Chong Independent Non-Executive Director	4/4	5/5				

C: Chairman M: Member

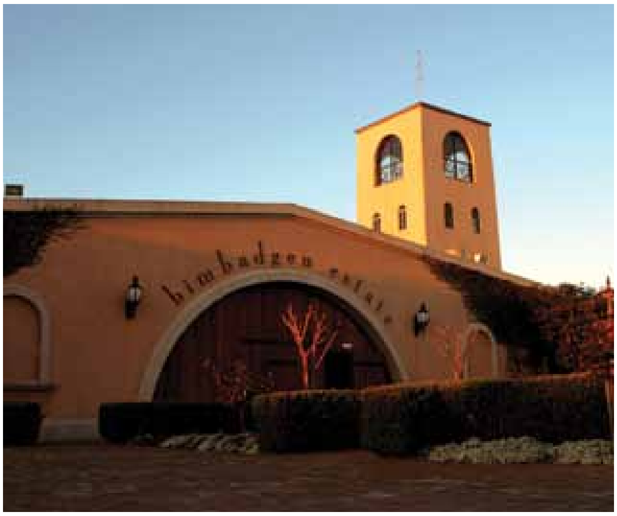
STATEMENT ON INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") require Directors of listed companies to include a statement in their annual reports on the state of their internal controls. The BMSB's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. We set out below the Statement on Internal Control which has been prepared in accordance with the Guidance.

Responsibility

The Board of Directors affirms its overall responsibility for maintaining sound systems of internal controls and for reviewing their adequacy and integrity. The systems of internal controls, designed to safeguard shareholders' investments and the Group's assets, cover not only financial controls but also operational and compliance controls and risk management. Such systems, however, are designed to manage rather than eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the systems can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.



Bimbadgen Estate in Hunter Valley, identified by the prominent spanish bell tower.

Only the finest parcels of fruit identified from Bimbadgen's Hunter Valley, McDonalds Road, Palmers Lane vineyards is selected to craft premium wines of regional style and intensity of flavour.

Risk management

The Group has in place a risk management framework for identifying, evaluating, monitoring and managing risks that may affect the Group's businesses. Included in the framework is the Enterprise Risk Management Policy and Procedure which is based on the Australia / New Zealand standard 4630 : 2004, one of the global authoritative standards for Enterprise Risk Management. The process is facilitated by the Organisation and Risk Management Department ("ORMD").

The Group adopts a decentralised approach to risk management whereby individual Risk Management Units ("RMU") are established at the business unit level. The RMUs are led by the Heads of Department while the members are appointed employees. The RMUs are responsible for identifying and monitoring risks at their respective levels. The identified risks are prioritised according to the degree of impact and likelihood of occurrence. Risks and control measures of each RMU are documented in a Risk Register for review and monitoring by the ORMD.

The outcome of the review and monitoring is reported to the Risk Management Committee ("RMC") which provides risk management support for the Group as a whole. The RMC will submit its reports to the Audit Committee ("AC") for review. The reports cover the risk profile of the business units, including new risks identified and mitigating measures taken. The AC will then highlight the significant matters to the Board of Directors.

STATEMENT ON INTERNAL CONTROL

Key elements of internal control

The other key elements of the Group's internal control system include the following:-

- clearly defined delegation of responsibilities, organisation structure and appropriate authority limits have been established by the Board of Directors for the Board Committees and management;
- internal policies and procedures are in place which are updated as and when necessary;
- reporting systems are in place which generate financial and other reports for the Board of Directors and management. Monthly management meetings are held during which the reports are discussed and follow up action taken;
- annual business plans and budgets are prepared by the individual companies and units within the Group. Actual performance is monitored against budget on a monthly basis, with major variances followed up and the necessary action taken; and
- the adequacy and effectiveness of the system of internal controls is continually assessed by the Internal Audit Department ("IAD") and reviewed by the Audit Committee as described in the next section.

Internal audit

The IAD undertakes review of the system of internal controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily. The main functions carried out by the IAD during the year were as follows:-

- preparing an Annual Audit Plan;
- performing risk-based audits on selected areas covering different types of operations and companies in Malaysia and overseas;
- reporting to the Audit Committee upon completion of each audit;
- submitting final audit reports to management and auditee; and
- monitoring and ensuring that matters highlighted are addressed or rectified by management.

During the financial year, the IAD carried out audits of selected business units in Malaysia and Australia.

Monitoring and review of the system of internal controls

During the year, a number of improvements to internal controls were identified and implemented. No weaknesses were noted which have a material impact on the Group's financial performance or operations.

The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that the risks are at an acceptable level. Such procedures and systems, however, do not eliminate the possibility of human error, the deliberate circumvention of control procedures by employees and others and the occurrence of unforeseeable circumstances.

This Statement on Internal Control does not deal with the Group's associated companies as the Group does not have management control over their operations.

99 Macquarie Street, in the heart of Sydney CBD, is home to Mulpha Australia Limited.

99 Macquarie Street, originally known as Transport House, was built in 1938 for the New South Wales Department of Motor Transport. This classic art deco building has undergone a complete A$30 million refurbishment by Mulpha Australia and is now one of Sydney's most prestigious business addresses.

AUDIT COMMITTEE REPORT

Constitution

The Audit Committee ("the Committee") was established pursuant to a resolution of the Board of Directors passed on 28 July 1994. The current members of the Committee are as follows:-

Mr Chew Hoy Ping- (Chairman)	-	Independent Non-Executive Director
Mr Kong Wah Sang	-	Independent Non-Executive Director
YB Dato' Lim Say Chong	-	Independent Non-Executive Director

Terms of reference

The terms of reference of the Committee are as follows:-

1. Composition

The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company. The Committee shall comprise of not less than three members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by the Exchange. One of the members of the Committee who is an Independent Director shall be appointed Chairman of the Committee by the members of the Committee.

Each bungalow at Enclave Bangsar is fully furnished and comes with a private swimming pool and a private garden.

2. Meetings and minutes

The Committee shall meet at least four times a year. A quorum shall be at least two members present, the majority of whom shall be Independent Directors. The Committee may request any member of the management and representatives of the external auditors to be present at meetings of the Committee. Minutes of each Committee meeting are to be prepared and distributed to each member of the Committee and Board of Directors. The Company Secretary or his Assistant shall be the Secretary of the Committee.

3. Authority

The Committee is authorised by the Board of Directors:-

(a) to investigate any activity of the Company and its subsidiaries within its terms of reference;
(b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the Committee;
(c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the experience and expertise if it considers it necessary to do so; and
(d) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company and subsidiaries, whenever deemed necessary.

4. Duties and responsibilities

The duties and responsibilities of the Committee shall be as follows and will cover the Company and its subsidiaries:-

(a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal;
(b) to review with the external auditors their audit plan, scope and nature of audit;

AUDIT COMMITTEE REPORT

(c) to review the quarterly and annual financial statements before submission to the Board of Directors, focusing particularly on:-
- any changes in accounting policies and practices;
- major judgemental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- compliance with accounting standards; and
- compliance with stock exchange and legal requirements.

(d) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures by reviewing the external auditors' management letters and management response;

(e) to hear from and discuss with the external auditors any problem and reservation arising from their interim and final audits or any other matter that the external auditors may wish to highlight;

(f) to review the internal audit programme, consider the findings of internal audit and the actions and steps taken by management in response to such findings and ensure co-ordination between the internal and external auditors;

(g) 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;

(h) to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures relating to such transactions are adequate;

(i) to undertake such other responsibilities as may be delegated by the Board of Directors from time to time; and

(j) to report to the Board of Directors its activities and findings.

Hotel School Sydney committed to produce quality professionals with recognised university qualifications.

Attendance at meetings

During the financial year, the Committee held five meetings. The record of attendance is as follows:-

Director	No. of meetings attended
Mr Chew Hoy Ping	4/5
Mr Kong Wah Sang	5/5
YB Dato' Lim Say Chong	5/5

Activities

During the financial year, the Committee carried out its activities in line with its terms of reference.

Internal audit functions

The Company has an Internal Audit Department ("IAD") whose principal objective is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

The attainment of such objective involves the following major activities being carried out by the IAD:-

(a) review and appraise the adequacy, effectiveness and reliability of internal control systems, policies and procedures;

(b) monitor the adequacy, reliability, integrity, security and timeliness of financial and other management information systems;

(c) determine the extent of compliance with relevant laws, codes, standards, regulations, policies, plans and procedures; and

(d) review and verify the means used to safeguard assets.

The internal audit function is performed in-house by the IAD. The costs incurred for the internal audit function for 2010 amounted to approximately RM185,000.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

This report documents Mulpha International Bhd's corporate social responsibility (CSR) governance and practices in four key areas:

Environment

Workplace

Community

Marketplace

It outlines our philosophy and details progress on issues that affect the sustainability of our business and global communities, and describes the benefits of our practices, programs, and initiatives.

ENVIRONMENT

Mulpha makes a conscientious effort into putting a stamp of the green concept to all the development.

Leisure Farm Resort (LFR), the Group flagship project in Gelang Patah, Johor, was involved in a variety of environmentally and energy conservation effort throughout 2010. Leisure Farm also positioned itself as the sustainable resort residential development. The novel concept of green living is thanks to the Company's ardent adherent to sustainable development and principles.The 3G Homes (Green, Gated and Generation) refers to new generation of intelligent homes with built-in technologies developed in the best interest of the environment.

Leisure Farm master plan was developed around the characteristic and the natural beauty of the surrounding. The undulating terrain consisting of rainforests, wetlands, streams, lakes, valleys and hills remains the distinguishing feature of the LFR, immaculately preserved for the present and future generation. Construction materials and fixtures in Leisure Farm have been selected for their environmental friendliness and recyclable qualities. This includes recyclable bricks and stone chippings.

Leisure Farm boasts around 380acres of green spaces and constructions are done around this natural surrounding instead of over it. Green architectural designs such as energy saving light fittings, inverter AC system, energy efficient hybrid hot water system, centralised rainwater harvesting system and water-saving toilet fixture are incorporated to promote the eco-friendly nature of the development. The completed project, Bayou Water Village, integrate heat-dissipating roof system to reduce dependency on artificial energy and low volatile organic compound (VOC) emulsion paint which is environmentally-friendly. Special designated areas such as Canal Park, Kayu Manis Orchard and mangrove wetlands ensure that the flora and fauna growth are maintained. Mulpha organises Earth Day annually. This annual event is conducted in conjunction with the Earth Day in April. Locals and residents of Leisure Farm show their commitment and appreciation towards the environment by involving in nature-related activities such as tree planting along the canal front and throwing mudballs to clean up river and canal.

Mulpha Australia (MAL) is one of five inaugural patrons of the ZooX™ Fund which was launched in February 2007 and will instigate scientific research projects aimed at protecting the Great Barrier Reef from the ravages of climate change, reportedly the most significant and immediate threat to the Reef.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

WORKPLACE

Mulpha strives to become the employer of choice for our current staff and future recruits. We are proud that we retain a high number of staff in the company even through the challenging period that we faced in 2010. Team-building exercise was conducted as part of the company's training programme to foster working relationship between the staff. Specialised trainings are also conducted to enhance the skills and performance of our employees. The company also sent the employees for external trainings that are relevant and in line with our business to improve the knowledge and proficiency of our employees. Mulpha Recreation Club continues to be a focal point to improve relationship between staff of Mulpha. The Club encourages staff participation in sporting activity, family day events and monthly gathering. These efforts improve the working environment of the company.

COMMUNITY

2010 marked the fifth year since Arts for Health programme was first initiated by Mulpha. The programme, incorporating different discipline of arts, targeting hospitalised children with disability. We consolidated the programme in 2010 to focus on three main hospitals, Hospital Selayang, Pusat Perubatan Universiti Kebangsaan Malaysia and Pusat Perubatan Universiti Malaya. We rationalise this approach to ensure that the program will reach our target group and give us ample time to prepare for each programme. Our effort received great enthusiasm from the children and hospital staff alike as nearly 200 children participated throughout the year.

Mulpha's Arts for Health was again shortlisted for the PM CSR Award 2010 in the Community and Social Welfare category. This is an award ceremony in recognition of the best CSR practices in eight respective categories. The event was again organised by the Ministry of Women, Family and Community Development. The event was graced by the presence of the Deputy Prime Minister, YAB Tan Sri Dato' Haji Muhyiddin Yassin.

Mulpha Australia actively supporting the Professor Harry Messel International Science School at the University of Sydney, an outstanding educational program designed to encourage Year 11 and 12 students from Australia and around the world to pursue careers in science, technology and engineering. Mulpha Leadership Award recognise students who not only excel academically, but also shown diplomacy, tact and empathy when dealing with people from different cultures and countries. MAL also supports the work of the FSHD Global Research Foundation. The FSHD Global Research Foundation is an Australian not-for-profit organisation dedicated to finding a treatment and cure for Facio-Scapulo-Humeral Dystrophy (FSHD).

MARKETPLACE

Mulpha constantly engaged with the shareholders through different communication channels. We consider our associates, investors, fund managers and analysts, customers, business partners and communities in which we operate, to be our primary stakeholders. We keep in touch these groups to ensure that we understand their concerns and are able to be transparent with them about our efforts and progress. Fund managers and investment analysts were kept up-to-date on the performance of the Group throughout the year.

The Company also exercises good corporate governance and ethical procurement to promote exemplary corporate conduct.

FINANCIAL REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are disclosed in Note 41 and 14 to the financial statements respectively.

RESULTS

	Group RM'000	Company RM'000
Profit/(loss) for the year	113,694	(152,226)
Attributable to:		
Owners of the parent	112,928	(152,226)
Minority interests	766	-
	113,694	(152,226)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the effect that may arise from the impairment loss of RM117,539,000 in respect of the Company arising from allowances for doubtful recovery of amounts due from subsidiaries as disclosed in Note 6(a) to the financial statements.

DIVIDEND

No dividend has been paid or declared by the Company since 31 December 2009. The Directors do not recommend any dividend for the financial year ended 31 December 2010.

DIRECTORS

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

Lee Seng Huang
Chung Tze Hien
Law Chin Wat
Dato' Robert Chan Woot Khoon
Kong Wah Sang
Chew Hoy Ping
Dato' Lim Say Chong

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 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 any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 6(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of 50 sen each in the Company				
	At 1.1.2010	Acquired	Rights Issue	Sold	At 31.12.2010
Direct interest					
Dato' Robert Chan Woot Khoon	50,000	-	-	-	50,000
Chew Hoy Ping	50,000	200,000	50,000	(300,000)	-
Indirect interest					
Lee Seng Huang	375,473,600	-	444,313,949	-	819,787,549

	Warrants in the Company				
	At 1.1.2010	Acquired	Adjustment Due to Rights Issue	Lapsed	At 31.12.2010
Indirect interest					
Lee Seng Huang	21,012,500	-	3,483,215	(24,495,715)	-

	Bukit Punchor Development Sdn Bhd Number of Ordinary Shares of RM1 each			
	At 1.1.2010	Acquired	Sold	At 31.12.2010
Direct interest				
Dato' Robert Chan Woot Khoon	1,800,000	-	-	1,800,000

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM588,978,289 to RM1,177,956,579 by way of a rights issue of 1,177,956,579 new ordinary shares of RM0.50 each at an issue price of RM0.50 per ordinary share, payable in cash and capitalisation from the Company's share premium account of RM0.40 and RM0.10 respectively. The proceeds from the rights issue of RM471.183 million was mainly used to repay outstanding borrowings and with the balance available as working capital. The transaction costs of RM1,431,000 was debited to the share premium account.

TREASURY SHARES

During the financial year, the Company repurchased 11,055,700 of its issued ordinary shares from the open market at an average price of RM0.49 per share. The total consideration paid for the repurchase including transaction costs was RM5,441,574. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

As at 31 December 2010, the Company held as treasury shares a total of 11,055,700 out of its 2,355,913,158 issued ordinary shares. Such treasury shares are held at a carrying amount of RM5,441,574 and further relevant details are disclosed in Note 28 to the financial statements.

WARRANTS

All warrants issued pursuant to a deed poll dated 13 August 2000 lapsed on 26 July 2010. None of the warrants was exercised into ordinary shares during the financial year.

OTHER STATUTORY INFORMATION

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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 value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to 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 render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONTD.)

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

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

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

(ii) any contingent liabilities of the Group or of the Company which have 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 or of the Company to meet their obligations when they fall due; and

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

SIGNIFICANT EVENTS

The significant events that occurred during the financial year are disclosed in Note 37 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 38 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2011.

CHUNG TZE HIEN

LAW CHIN WAT

STATEMENT BY DIRECTORS

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, CHUNG TZE HIEN and LAW CHIN WAT, being two of the Directors of MULPHA INTERNATIONAL BHD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 42 to 146 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 31 December 2010 and of their financial performance and cash flows for the year then ended.

The information set out in Note 42 on page 147 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2011.

CHUNG TZE HIEN

LAW CHIN WAT

STATUTORY DECLARATION

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

I, KOH HUAT LAI, the officer primarily responsible for the financial management of MULPHA INTERNATIONAL BHD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 147 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 KOH HUAT LAI at
Petaling Jaya in the State of Selangor
Darul Ehsan on 27 April 2011

KOH HUAT LAI

Before me,
A.RATHNASAMY AMN
Commissioner of Oaths
Petaling Jaya

INDEPENDENT AUDITOR' REPORT

Independent auditors' report to the members of Mulpha International Bhd (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Mulpha International Bhd, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow 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 42 to 146.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 41 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any material 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 42 on page 147 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF:0039
Chartered Accountants

Low Khung Leong
No. 2697/01/13 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 April 2011

INCOME STATEMENTS

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing Operations					
Revenue	3	794,475	671,874	1,940	42,259
Other income	4	141,570	61,618	17,671	15,984
Changes in inventories of finished goods, shares and work in progress		(1,463)	(5,905)	-	-
Property work in progress expensed		(134,179)	(65,256)	-	-
Finished goods, shares purchased and raw materials used		(103,938)	(99,763)	-	-
Employee benefits expenses	6(b)	(241,150)	(203,833)	(5,310)	(5,169)
Depreciation and amortisation		(68,929)	(59,131)	(396)	(340)
Other expenses		(322,258)	(241,476)	(163,408)	(63,453)
Operating profit/(loss)		64,128	58,128	(149,503)	(10,719)
Finance costs	5	(89,060)	(81,749)	(2,723)	(10,623)
Share of profit/(loss) of associates		92,984	(31,485)	-	-
Share of profit of jointly-controlled entities		24,818	10,630	-	-
Profit/(loss) before taxation	6	92,870	(44,476)	(152,226)	(21,342)
Income tax benefit/(expense)	7	20,824	19,103	-	(164)
Profit/(loss) for the year from continuing operations, net of tax		113,694	(25,373)	(152,226)	(21,506)
Discontinued Operations					
Profit for the year from discontinued operations	8(b)	-	35,836	-	-
Profit/(loss) net of tax		113,694	10,463	(152,226)	(21,506)

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit/(loss) net of tax		113,694	10,463	(152,226)	(21,506)
Other comprehensive income:					
- Foreign currency translation differences for foreign operations		54,578	312,858	-	-
- Fair value movement of available-for-sale financial assets		3,528	437	-	-
- Share of other comprehensive income of associates		(8,519)	(2,094)	-	-
- Equity component of convertible notes of a subsidiary		(10,014)	(1,752)	-	-
- Revaluation of land and building		309	716	-	-
- Income tax relating to components of other comprehensive income		-	(132)	-	-
		39,882	310,033	-	-
Total comprehensive income for the year		153,576	320,496	(152,226)	(21,506)
Profit attributable to:					
Owners of the parent		112,928	(9,729)	(152,226)	(21,506)
Minority interests		766	20,192	-	-
		113,694	10,463	(152,226)	(21,506)
Total comprehensive income attributable to :					
Owners of the parent		153,331	300,563	(152,226)	(21,506)
Minority interests		245	19,933	-	-
Total comprehensive income for the year		153,576	320,496	(152,226)	(21,506)
Earnings/(loss) per share attributable to owners of the parent (sen per share):	9				
Basic		5.35	(0.76)		
Diluted		5.35	(0.76)		

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

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	Group			Company	
		2010 RM'000	2009 RM'000 (restated)	1.1.2009 RM'000 (restated)	2010 RM'000	2009 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	10	1,323,334	1,435,848	1,167,660	2,830	953
Investment properties	11	21,419	21,765	21,545	-	-
Prepaid lease payments	12	4,004	8,198	14,716	-	-
Investments in subsidiaries	13	-	-	-	373,321	398,266
Investments in associates	14	1,124,845	981,790	650,840	22,013	22,013
Investments in jointly-controlled entities	15	179,975	205,500	177,300	-	-
Trade and other receivables	20	7,071	-	71,337	-	-
Other non-current assets	21	5,141	788	449	-	-
Other investments		1,160	1,160	1,160	1,160	1,160
Investment securities	16	2,195	3,216	2,394	720	720
Land held for property development	17(a)	755,035	782,491	596,553	-	-
Goodwill	18	15,071	14,915	13,589	-	-
		3,439,250	3,455,671	2,717,543	400,044	423,112
Current assets						
Property development costs	17(b)	239,489	207,999	233,336	-	-
Inventories	19	51,111	59,486	91,190	-	-
Trade and other receivables	20	195,115	216,230	243,091	1,101,944	1,042,502
Other current assets	22	38,655	23,183	16,724	110	1,203
Investment securities	16	9,236	15,980	17,406	-	-
Tax recoverable		1,897	2,294	5,903	1,988	2,301
Cash and bank balances	23	373,434	168,620	310,832	99,754	15,803
		908,937	693,792	918,482	1,203,796	1,061,809
Assets classified as held for sale	8(a)	164,352	-	-	-	-
		1,073,289	693,792	918,482	1,203,796	1,061,809
TOTAL ASSETS		4,512,539	4,149,463	3,636,025	1,603,840	1,484,921

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (CONTD.)

	Note	Group			Company	
		2010 RM'000	2009 RM'000 (restated)	1.1.2009 RM'000 (restated)	2010 RM'000	2009 RM'000
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the Company						
Share capital	28	1,177,957	588,978	627,485	1,177,957	588,978
Share premium	28	579,863	699,091	797,104	579,863	699,091
Treasury shares	28	(5,442)	-	(97,999)	(5,442)	-
Reserves	29	441,123	403,099	65,972	108,228	108,228
Retained earnings/ (Accumulated losses)		627,130	500,979	508,189	(311,847)	(183,831)
		2,820,631	2,192,147	1,900,751	1,548,759	1,212,466
Minority interests		97,797	48,134	160,751	-	-
Total equity		2,918,428	2,240,281	2,061,502	1,548,759	1,212,466
Non-current liabilities						
Trade and other payables	24	5,727	-	-	-	-
Provisions for liabilities	26	3,525	3,723	3,433	-	-
Deferred tax liabilities	30	77,734	109,790	112,932	-	-
Loans and borrowings	27	1,079,701	198,725	936,692	-	-
		1,166,687	312,238	1,053,057	-	-
Current liabilities						
Trade and other payables	24	193,007	246,516	285,858	54,931	86,183
Other current liabilities	25	613	547	41	-	-
Provisions for liabilities	26	11,078	10,591	9,811	-	-
Loans and borrowings	27	202,241	1,330,515	218,023	150	186,272
Tax payable		8,756	8,775	7,733	-	-
		415,695	1,596,944	521,466	55,081	272,455
Liabilities classified as held for sale	8(a)	11,729	-	-	-	-
		427,424	1,596,944	521,466	55,081	272,455
Total liabilities		1,594,111	1,909,182	1,574,523	55,081	272,455
TOTAL EQUITY AND LIABILITIES		4,512,539	4,149,463	3,636,025	1,603,840	1,484,921

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

Group	Attributable to Equity Holders of the Company										
	<-----Non Distributable						----->	Distributable			
	Share Capital Note 28 RM'000	Share Premium Note 28 RM'000	Revaluation Reserve Note 29 RM'000	Exchange Reserve Note 29 RM'000	Capital Reserve Note 29 RM'000	Other Reserve Note 29 RM'000	Treasury Shares Note 28 RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 January 2009 (as previously stated)	627,485	797,104	1,355	(11,504)	74,200	67,625	(97,999)	508,189	1,966,455	160,751	2,127,206
Prior year adjustments (Note 40)	-	-	-	-	-	(65,704)	-	-	(65,704)	-	(65,704)
At 1 January 2009 (restated)	627,485	797,104	1,355	(11,504)	74,200	1,921	(97,999)	508,189	1,900,751	160,751	2,061,502
Total comprehensive income for the year	-	-	716	311,015	8	(1,447)	-	(9,729)	300,563	19,933	320,496
Transactions with owners											
Purchase of treasury shares	-	-	-	-	-	-	(14)	-	(14)	-	(14)
Transfer within reserves	-	-	(9)	-	(28)	-	-	37	-	-	-
Cancellation of treasury shares	(38,507)	(98,013)	-	-	38,507	-	98,013	-	-	-	-
Disposal of shares in subsidiary	-	-	-	(9,153)	(2,482)	-	-	2,482	(9,153)	(132,550)	(141,703)
Total transactions with owners	(38,507)	(98,013)	(9)	(9,153)	35,997	-	97,999	2,519	(9,167)	(132,550)	(141,717)
At 31 December 2009	588,978	699,091	2,062	290,358	110,205	474	-	500,979	2,192,147	48,134	2,240,281

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTD.)

	Attributable to Equity Holders of the Company										
	<------------------------------Non Distributable						------------------------------>	Distributable			
Group (Contd.)	Share Capital Note 28 RM'000	Share Premium Note 28 RM'000	Revaluation Reserve Note 29 RM'000	Exchange Reserve Note 29 RM'000	Capital Reserve Note 29 RM'000	Other Reserve Note 29 RM'000	Treasury Shares Note 28 RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 January 2010 (as previously stated)	588,978	699,091	2,062	290,358	110,205	66,178	-	500,979	2,257,851	48,134	2,305,985
Prior year adjustments (Note 40)	-	-	-	-	-	(65,704)	-	-	(65,704)	-	(65,704)
At 1 January 2010 (restated)	588,978	699,091	2,062	290,358	110,205	474	-	500,979	2,192,147	48,134	2,240,281
Total comprehensive income for the year	-	-	309	46,686	-	(6,592)	-	112,928	153,331	245	153,576
Transactions with owners											
Issue of ordinary shares	588,979	(117,797)	-	-	-	-	-	-	471,182	-	471,182
Share issuance expense		(1,431)	-	-	-	-	-	-	(1,431)	-	(1,431)
Purchase of treasury shares	-	-	-	-	-	-	(5,442)	-	(5,442)	-	(5,442)
Conversion of convertible notes of a subsidiary	-	-	-	-	-	-	-	-	-	46,777	46,777
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	(4,677)	(4,677)
Accretion of subsidiaries	-	-	-	-	-	-	-	9,541	9,541	(9,541)	-
Dilution of subsidiaries	-	-	-	-	-	-	-	-	-	16,859	16,859
Transfer within reserve	-	-	4,407	(6,807)	-	-	-	2,400	-	-	-
Total transaction with owners	588,979	(119,228)	4,407	(6,807)	-	-	(5,442)	11,941	473,850	49,418	523,268
Equity accounting for associate and joint-venture relating to a prior period	-	-	-	-	-	-	-	3,480	3,480	-	3,480
Deferred taxation	-	-	21	-	-	-	-	(2,198)	(2,177)	-	(2,177)
At 31 December 2010	1,177,957	579,863	6,799	330,237	110,205	(6,118)	(5,442)	627,130	2,820,631	97,797	2,918,428

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTD.)

Company		Non-distributable				
	Share Capital Note 28 RM'000	Share Premium Note 28 RM'000	Capital Reserve Note 29 RM'000	Treasury Shares Note 28 RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2009	627,485	797,104	69,721	(97,999)	(162,325)	1,233,986
Loss for the year, representing total recognised income and expense for the year	-	-	-	-	(21,506)	(21,506)
Shares repurchased	-	-	-	(14)	-	(14)
Cancellation of treasury shares	(38,507)	(98,013)	38,507	98,013	-	-
At 31 December 2009/ 1 January 2010	588,978	699,091	108,228	-	(183,831)	1,212,466
Transaction with owners						
Issue of ordinary shares	588,979	(119,228)	-	-	-	469,751
Loss for the year, representing total recognised income and expense for the year	-	-	-	-	(152,226)	(152,226)
Equity contribution by parent arising from waiver of loans by subsidiaries	-	-	-	-	24,210	24,210
Shares repurchased	-	-	-	(5,442)	-	(5,442)
At 31 December 2010	1,177,957	579,863	108,228	(5,442)	(311,847)	1,548,759

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation				
- continuing operations	92,870	(44,476)	(152,226)	(21,342)
- discontinued operations	-	38,061	-	-
	92,870	(6,415)	(152,226)	(21,342)
Adjustments for non-cash items:				
Amortisation of prepaid lease payments	116	231	-	-
Depreciation of property, plant and equipment	68,403	61,978	396	340
Fair value adjustment in investment properties	410	399	-	-
Fair value gain for assets held at fair value through profit or loss	(726)	(8,395)	-	-
Net (gain)/loss on disposal of property, plant and equipment	(8,787)	722	(34)	7
Loss on disposal of:				
- available for sale investments	21	-	-	-
- fair value through profit or loss	122	10,943	-	-
Write-down of inventories	3,238	983	-	-
Property, plant and equipment written off	4	-	4	-
Net allowance for/(write-back) of doubtful debts	43,174	1,456	-	(52)
Negative goodwill	(559)	-	-	-
Provision for staff benefits	13,849	11,842	-	-
Impairment loss on amounts due from subsidiaries	-	-	117,539	-
Impairment loss on investment in subsidiaries	-	-	24,945	-
Net unrealised foreign exchange (gain)/loss	(21,192)	(421)	15,743	(4,480)
Net gain on disposal of subsidiaries	197	(12,172)	-	-
Impairment on associates	7,200	-	-	-
Loss on disposal of an associate	-	-	-	56,928
Gain on dilution of interest in an associate	(29,784)	-	-	-

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTD.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
Share of results of associates	(92,984)	19,785	-	-
Gain retained in jointly-controlled entities	(24,818)	(10,630)	-	-
Reversal of impairment for land held for property development	(7,289)	-	-	-
(Reversal of impairment)/impairment for		-	-	-
property, plant and equipment	(12,448)	8,310	-	-
Interest expense	89,060	81,749	2,723	10,623
Interest income	(9,980)	(5,507)	(14,064)	(7,620)
Dividend income	(5,054)	(4,770)	(1,940)	(42,259)
Operating profit/(loss) before working capital changes	105,043	150,088	(6,914)	(7,855)
Changes in working capital:				
Development properties	(3,315)	75,568	-	-
Inventories	9,961	38,431	-	-
Receivables	(24,505)	(23,017)	1,088	4,640
Other current assets	(15,472)	(6,459)	-	-
Other non-current assets	(9,517)	(339)	-	-
Financial assets through profit or loss	6,187	(1,147)	-	-
Payables	(24,122)	(66,205)	(715)	(106)
Other current liabilities	66	506		
Other non-current liabilities	16,011	-		
Intercompany balances	-	-	(199,046)	(150,026)
Net change in working capital	(44,706)	17,338	(198,673)	(145,492)
Cash generated from/(used in) operations	60,337	167,426	(205,587)	(153,347)
Interest paid	(91,243)	(84,090)	(2,723)	(10,623)
Interest received	9,980	5,507	14,064	7,620
Income tax refund/(paid)	(8,702)	360	313	4,176
Staff benefits paid	(14,724)	(15,749)	-	-
Net cash (used in)/generated from operating activities	(44,352)	73,454	(193,933)	(152,174)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTD.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Refund for property, plant and equipment	-	50,514	-	-
Purchase of property, plant and equipment	(71,663)	(125,308)	(2,282)	(117)
Proceeds from sale of property, plant and equipment	20,180	5,455	38	3
Refurbishment of investment properties	(64)	(672)	-	-
Proceeds from disposal of available-for-sale financial assets	1,037	-	-	-
Additional investments in associates	(20,501)	(241,497)	-	-
Acquisition of subsidiaries	-	(19)	-	(18)
Acquisition of subsidiary's share from minority interests	(4,119)	-	-	-
Investment in a subsidiary		-	-	-
Disposal of subsidiaries, net of cash (Note b)	404	64,686	-	-
Proceeds from disposal of an associate		-	-	26,517
Dividends received	5,054	4,770	1,940	42,259
Dividends received from associates and a jointly-controlled entity	56,682	40,947	-	-
Net cash (used in)/generated from investing activities	(12,990)	(201,124)	(304)	68,644

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTD.)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Purchase of treasury shares	(5,442)	(14)	(5,442)	(14)
Payment of finance lease liabilities	(27,829)	(15,997)	-	-
Initial public offering proceeds received by a subsidiary	19,083	-	-	-
Advance included in other receivables	-	(1,337)	-	-
Rights issue	471,183	-	471,183	-
Rights issue expense	(1,431)	-	(1,431)	-
Net (repayment)/drawdown of borrowings	(195,374)	120,437	(184,800)	69,800
Net cash generated from financing activities	260,190	103,089	279,510	69,786
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	202,848	(24,581)	85,273	(13,744)
Effect of exchange rate changes	2,099	(114,983)	-	-
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	165,438	305,002	14,331	28,075
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER (Note a)	370,385	165,438	99,604	14,331
(a) Cash and cash equivalents				
Cash and cash equivalents	373,434	168,620	99,754	15,803
Overdrafts (Note 27)	(3,049)	(3,182)	(150)	(1,472)
	370,385	165,438	99,604	14,331

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTD.)

(b) The disposal of subsidiaries in prior year as disclosed in Note 8(b) has the following impact to the financial position of the Group:

	2009 RM'000
Property, plant and equipment	34,374
Prepaid lease payment	6,380
Associated company	42,696
Long-term receivables	72,481
Available for sale financial assets	5
Inventories	10,010
Trade and other receivables	46,078
Cash and bank balances	64,744
Trade and other payables	(16,560)
Provision for tax	(1,160)
Deferred taxation	(87)
Net assets disposed	258,961
Minority interest	(76,150)
Minority interests share of reserves	(56,400)
Realisation of reserve	(9,153)
Gain on disposal	12,172
Consideration received from disposal	129,430
Less: Cash and bank balances	(64,744)
Net cash from disposal of subsidiaries	64,686

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company is located at Bangunan Mulpha, 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are disclosed in Note 41 and 14 respectively. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 April 2011.

2. 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 January 2010 as described fully in Note 2.2.

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

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

2.2 Changes in Accounting Policies

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

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

FRS 7 *Financial Instruments: Disclosures*
FRS 8 *Operating Segments*
FRS 101 *Presentation of Financial Statements* (Revised)
FRS 123 *Borrowing Costs*
Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate*
Amendments to FRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
Amendments to FRS 132 *Financial Instruments: Presentation*
Amendments to FRS 139 *Financial Instruments: Recognition and Measurement,* FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in Accounting Policies (Contd.)

Improvements to FRS issued in 2009
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 11 FRS 2 – *Group and Treasury Share Transactions*
IC Interpretation 14 FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

FRS 4 *Insurance Contracts*, TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions* and IC Interpretation 13 *Customer Loyalty Programmes* will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

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

FRS 7 *Financial Instruments: Disclosures*

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

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

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 performance. 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 39.

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 profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present these statements as two separate statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in Accounting Policies (Contd.)

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 to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

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

Improvements of FRS issued in 2009

Amendments to FRS 117 *Leases*

Prior to 1 January 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 Company as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 *Leases* clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. The Company has applied this change in accounting policy retrospectively. The changes in policy has not resulted in any adjustment to the financial statements.

2.3 Standards Issued but Not Yet Effective

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

Description	Effective for financial periods beginning on or after
FRS 1 *First-time Adoption of Financial Reporting Standards*	1 July 2010
FRS 3 *Business Combinations* (Revised)	1 July 2010
Amendments to FRS 2 *Share-based Payment*	1 July 2010
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 127 *Consolidated and Separate Financial Statements*	1 July 2010
Amendments to FRS 138 *Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 July 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Standards Issued but Not Yet Effective (Contd.)

Description	**Effective for financial periods beginning on or after**
IC Interpretation 12 *Service Concession Arrangements*	1 July 2010
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 132 *Classification of Rights Issues*	1 March 2010
Amendments to FRS 1 *Limited Exemption from Comparative* FRS 7 *Disclosures for First-time Adopters and Additional Exceptions for First-time Adopters*	1 January 2011
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 January 2011
Amendments to FRS 2 *Share-based Payment - Group Cash settled Share-based Payment Transactions*	1 January 2011
Improvements to FRS issued in 2010	1 January 2011
TR3 Guidance on Disclosure of Translations to IFRS	1 January 2011
Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
IC Interpretation 4 *Determining Whether An Arrangement contains a Lease*	1 January 2011
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2011
FRS 124 *Related Party Disclosures*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the Amendments to FRS 127 and IC Interpretation 15 are described below.

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*.

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Standards Issued but Not Yet Effective (Contd.)

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements* (Contd.)

Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint-ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Company does not intend to early adopt.

IC Interpretation 15 *Agreements for the Construction of Real Estate*

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

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

2.4 Summary of Significant Accounting Policies

2.4.1 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 except unrealised losses are not eliminated if there are indication of impairment.

Acquisitions of subsidiaries are accounted for by applying the purchase method as well as pooling of interest method.

For subsidiaries which are accounted by the purchase method, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.1 Basis of Consolidation (Contd.)

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

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

2.4.2 Transaction with Minority Interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.4.3 Foreign Currencies

(i) Functional and Presentation Currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.3 Foreign Currencies (Contd.)

(ii) Foreign Currency Transactions

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

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

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

(iii) Foreign Operation

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

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

2.4.4 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 Company and the cost of the item can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.4 Property, Plant and Equipment (Contd.)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, 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 profit or loss as incurred.

2.4.5 Property, Plant and Equipment, and Depreciation

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:

Freehold buildings	2.5 - 5%
Leasehold buildings	over period of lease
Plant, machinery, office equipment and furniture	5 - 33%
Motor vehicles	15 - 25%

Assets under construction included in plant and equipment 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 profit or loss in the year the asset is derecognised.

2.4.6 Investment Properties

The Group previously account for its investment property under the cost method but changed its policy to fair value during the financial year. However, this change in policy has no material effect on the financial statement of the current and prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.6 Investment Properties (Contd.)

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. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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 profit or loss in the year of retirement or disposal.

2.4.7 Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy of the Group.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company, and are recorded in RM at the rates prevailing at the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.8 Prepaid Lease Payment

Prepaid lease payments are initially measured at cost. Following initial recognition, prepaid lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid lease payments are amortised over their lease terms.

2.4.9 Impairment of Non-financial Assets

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

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

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

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

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

2.4.10 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.10 Associates (Contd.)

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.

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

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

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.

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

2.4.11 Joint-venture

A joint-venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint-control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint-venture using equity method.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intra-group balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly-controlled entity.

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

In the Company's separate financial statements, its investment in joint-venture is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.12 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.

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

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

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

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

(ii) Loans and receivables

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.12 Financial Assets (Contd.)

(iii) Held-to-maturity investments

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

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

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.

(iv) Available-for-sale financial assets

Available-for-sale 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 that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

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

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

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.13 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.

(i) Trade and other receivables and other financial assets carried at amortised costs

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

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

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

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

(ii) Unquoted equity securities at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.13 Impairment of Financial Assets (Contd.)

(iii) Available-for-sale financial assets

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

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

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

2.4.14 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.

2.4.15 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 losses.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.15 Impairment of Financial Assets (Contd.)

(ii) Property development costs (Contd.)

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

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

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

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

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

2.4.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out/weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour, and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out/weighted average basis.
- Golf memberships are valued at the lower of cost and net realisable value using the specific identification method.
- Completed properties comprise land and development expenditure, and are determined on a specific identification method.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.17 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.

Provision is made for construction equipments sold under warranty at the reporting period date based on the past history of the level of repairs and replacements.

Provision for termination benefits is made for termination of employees' services resulting from identified closure of businesses.

2.4.18 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.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.18 Financial Liabilities (Contd.)

(ii) 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 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 profit or loss when the liabilities are derecognised, and through the amortisation process.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.20 Employee Benefits

Defined contribution plans

(i) The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group 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.

(ii) The subsidiaries in Australia contribute to superannuation funds operated under defined contribution plans set up by these companies, where benefits are based on accumulation. The employers contribute at varying percentages of the salaries of members and the employees contribute at their own election. Such contributions are recognised as an expense in the income statement when incurred.

2.4.21 Leases

(i) As lessee

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

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

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

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.22 Revenue Recognition

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

(i) Sale of properties
Revenue from sale of properties is accounted for by the stage of completion method.

(ii) Sale of goods
Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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.

(iii) Revenue from services
Revenue is recognised when services are rendered.

(iv) Rental income
Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Interest income
Interest income is recognised using the effective interest method.

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

(vii) Management fees
Management fees are recognised when services are rendered.

(viii) Shares trading
Gains from shares trading is recognised upon completion of the trading contracts.

2.4.23 Income Tax

(i) Current tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.23 Income Tax (Contd.)

(i) Current tax (Contd.)

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

(ii) Deferred tax

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

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

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

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.23 Income Tax (Contd.)

ii) Deferred tax (Contd.)

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

Deferred tax assets and deferred tax liabilities are off-set, 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.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.4.24 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

2.4.25 Share Capital and Share Issuance Expenses

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of Significant Accounting Policies (Contd.)

2.4.26 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.4.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.5 Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that may have significant effect on the amounts recognised in the financial statements.

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Judgements and Estimates (Contd.)

(ii) Key sources of estimation uncertainty (Contd.)

(a) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable as at 31 December 2010 was RM8,756,000 (2009: RM8,775,000). The carrying amount of the Group's tax recoverable as at 31 December 2010 was RM1,897,000 (2009: RM2,294,000).

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value and value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2010 was RM15,071,000 (2009: RM14,915,000).

(c) Impairment of investment in associates

The Group carried out impairment test on its investment in associates based on a variety of estimation methods including assessing the market value and value-in-use of the investments. In determining the value-in-use, the Group makes an estimate of the expected future cash flows from the associates and adopt a suitable discount rate to compute the present value of the cash flows. Details of the significant assumptions are disclosed in Note 14.

(d) Impairment of property, plant and equipment, and land held for property development

The Group carried out impairment test based on a variety of estimates including the value-in-use of the cash-generating units ("CGU") to which the property, plant and equipment, and land held for property development are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of property, plant and equipment of the Group as at 31 December 2010 was RM1,323,334,000 (2009: RM1,435,848,000). The carrying amount of land held for property development of the Group as at 31 December 2010 was RM755,035,000 (2009: RM782,491,000).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Judgements and Estimates (Contd.)

(ii) Key sources of estimation uncertainty (Contd.)

(e) Property development

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

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

(f) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value as at 31 December 2010 of recognised tax losses and capital allowances of the Group are disclosed in Note 30.

(g) Investment properties

The director value the investment properties based on the rental yield and the indicative selling price of the investment properties. The value of investment properties may vary based on market conditions and such differences will impact to income statement. The fair value of investment properties is as disclosed in Note 11.

3. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Dividend income				
- unquoted shares in Malaysia	-	-	1,940	42,259
Sale of goods	31,461	42,504	-	-
Performance of services	489,820	437,264	-	-
Sale of properties	230,572	147,652	-	-
Rental of machineries	39,089	44,433	-	-
Shares trading	3,533	21	-	-
	794,475	671,874	1,940	42,259

4. OTHER INCOME

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Dividend income				
- Foreign unquoted shares	4,733	4,463	-	-
- Foreign quoted shares	1	189	-	-
- quoted shares in Malaysia	320	118	-	-
Gain on dilution of interest in an associate (Note 14 (c))	29,784	-	-	-
Negative goodwill	559	-	-	-
Interest income:				
- deposits with licensed financial institutions	8,598	3,527	2,918	472
- subsidiaries	-	-	11,146	7,148
- others	1,382	1,980	-	-
Gain on foreign exchange				
- realised	3,485	4,578	1,055	1,513
- unrealised	28,836	9,080	-	4,221
Management fees	-	-	2,379	276
Net gain on disposal of property, plant and equipment	8,787	-	34	-
Rental income from land and buildings	29,055	26,538	-	-
Reversal of impairment losses on land held for property development (Note 17(a))	7,289	-	-	-
Reversal of impairment losses on freehold land (Note 10)	12,448	-	-	-
Others	6,293	11,145	139	2,354
	141,570	61,618	17,671	15,984

5. FINANCE COSTS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Interest expense on:				
- overdrafts	252	224	38	135
- Islamic Debt Securities	714	3,252	714	3,252
- other bank borrowings	55,587	38,957	971	1,598
- revolving loan and term loans	12,676	15,721	1,000	5,638
- bonds	16,169	7,785	-	-
- others	5,845	18,151	-	-
	91,243	84,090	2,723	10,623
Less: interest capitalised in:				
- property development costs	(2,183)	(2,341)	-	-
Total finance costs	89,060	81,749	2,723	10,623

6. PROFIT/(LOSS) BEFORE TAXATION

(a) This is arrived at after charging/(crediting):

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Auditors' remuneration				
- statutory audits	1,798	1,531	93	90
- other services	228	461	51	28
Amortisation of prepaid lease payments	116	125	-	-
Depreciation of property, plant and equipment	68,403	58,607	396	340
Impairment loss of property, plant and equipment	-	8,310	-	-
Minimum operating lease payments:				
- land and buildings	17,673	18,050	433	433
- plant and equipment	3,325	2,802	-	-
(Gain)/loss on disposal of property, plant and equipment	(8,787)	730	(34)	7
Loss on disposal of an associate	-	-	-	56,928
Impairment/(reversal impairment) loss on financial assets				
- Allowance for doubtful debts	38,779	1,456	-	(52)
- Allowance for amounts due from associates	4,395	-	-	-
- Allowance for amounts due from subsidiaries	-	-	117,539	-
Inventories written down	3,238	983	-	-
Loss on sale of financial assets:				
- fair value through profit or loss	122	10,943	-	-
- available for sale	21	-	-	-
Employee benefits expense (Note b)	241,150	203,833	5,310	5,169
Net (gain)/loss on foreign exchange				
- realised	8,286	(3,451)	(1,055)	(1,493)
- unrealised	(21,192)	(421)	15,743	(4,480)
Bad debts recovered	-	(12)	-	-
Impairment loss on investments in				
- subsidiaries (Note 13)	-	-	24,945	-
- associates (Note 14)	7,200	-	-	-
Write-back of liquidated ascertained damages	(1,989)	-	-	-
Net (gain)/loss on disposals of subsidiaries	197	(12,172)	-	-
Fair value gain for assets held at fair value through profit or loss	(726)	(8,395)	-	-
Rental of machinery	(80)	(179)	-	-

6. PROFIT/(LOSS) BEFORE TAXATION (CONTD.)

(b) Employee Benefits Expense

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	189,987	161,424	4,481	4,434
Termination benefits	15	30	-	-
Social security costs	158	157	18	18
Short-term accumulating compensated absences	13,924	10,707	-	-
Pension costs-defined contribution plans	18,375	16,594	529	562
Other staff related expenses	18,691	14,921	282	155
	241,150	203,833	5,310	5,169

Included in staff costs of the Group and of the Company are Directors' remunerations which are analysed as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	1,734	1,842	1,734	1,842
Fees	6	6	-	-
Pension costs-defined contribution plan	206	221	206	221
Estimated money value of benefits-in-kind	75	91	75	91
Non-Executive:				
Fees	228	152	225	149
Total	2,249	2,312	2,240	2,303

6. PROFIT/(LOSS) BEFORE TAXATION (CONTD.)

(b) Employee Benefits Expense (Contd.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors of the subsidaries:				
Executive:				
Salaries and other emoluments	2,330	1,788	-	-
Fees	27	28	-	-
Pension costs-defined contribution plan	116	120	-	-
Estimated money value of benefits-in-kind	7	13	-	-
Non-Executive:				
Fees	290	262	-	-
Total	2,770	2,211	-	-
Analysis excluding benefits-in-kind:				
Total Executive Directors' remuneration	4,419	4,005	1,940	2,063
Total Non-Executive Directors' remuneration	518	414	225	149
Total Directors' remuneration excluding benefits-in-kind	4,937	4,419	2,165	2,212

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

	Number of Directors	
	2010	2009
Executive Directors:		
RM300,001 - RM350,000	1	-
RM350,001 - RM400,000	-	1
RM450,001 - RM500,000	1	-
RM600,001 - RM650,000	-	1
RM1,150,001 - RM1,200,000	1	1
Non-Executive Directors:		
RM50,000 and below	3	4
RM50,001 - RM100,000	1	-

7. INCOME TAX (BENEFIT)/EXPENSE

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Statement of comprehensive income:				
Current income tax - continuing operations:				
- Malaysian income tax	6,399	3,261	-	120
- Foreign tax	2,592	(471)	-	-
(Over)/under provided in prior years:				
- Malaysian income tax	(260)	373	-	44
- Foreign tax	2,269	-	-	-
	11,000	3,163	-	164
Deferred tax - continuing operations:				
- Origination and reversal of temporary differences	(32,974)	(21,550)	-	-
- Under/(over) provision in prior years	1,150	(716)	-	-
	(31,824)	(22,266)	-	-
Income tax (benefit)/expense attributable to continuing operations	(20,824)	(19,103)	-	164
Income tax expense attributable to discontinued operation	-	2,225	-	-
Income tax (benefits)/expense recognised in profit or loss	(20,824)	(16,878)	-	164
Deferred income tax related to other comprehensive income:				
- Fair value of available-for-sale financial assets	-	132	-	-

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Profit/(loss) before tax from continuing operations	92,870	(44,476)
Profit before tax from discontinued operation	-	38,061
Accounting profit/(loss) before tax	92,870	(6,415)

7. INCOME TAX (BENEFIT)/EXPENSE (CONTD.)

Reconciliation between tax expense and accounting profit (Contd.)

	Group 2010 RM'000	Group 2009 RM'000
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	23,218	(1,604)
Different tax rates in other countries	(6,411)	(19,554)
Adjustments:		
Non-deductible expenses	27,384	22,605
Income not subject to taxation	(23,449)	(5,141)
Effect of reduction in tax rate	-	21
Benefits from previously unrecognised tax losses and unabsorbed capital allowances	(15,767)	(3,024)
Deferred tax assets not recognised during the year	492	4,876
Under/(over) provision of deferred tax in prior years	1,150	(716)
Under provision of income tax in prior years	2,009	373
Shares of results of associates and joint-ventures	(29,450)	(14,714)
Income tax benefit for the year	(20,824)	(16,878)

	Company 2010 RM'000	Company 2009 RM'000
(Loss) before taxation	(152,226)	(21,342)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(38,057)	(5,336)
Adjustments:		
Income not subject to taxation	(2,217)	(10,111)
Non-deductible expenses	40,274	15,581
Utilisation from previously unrecognised tax losses and unabsorbed capital allowances	-	(14)
Under provision of income tax in prior years	-	44
Income tax expense for the year	-	164

7. INCOME TAX (BENEFIT)/EXPENSE (CONTD.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. The corporate tax rate applicable to subsidiaries located in Australia, Hong Kong and Singapore are 30% (2009: 30%), 16.5% (2009: 16.5%) and 17% (2009: 17%).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax savings during the financial year arising from:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Utilisation of previously unrecognised tax losses	15,616	3,014	-	-
Utilisation of previously unabsorbed capital allowances	151	14	-	14

8. DISCONTINUED OPERATIONS/NON-CURRENT ASSETS HELD FOR SALE

a) Non-current Assets Held for Sale

(i) On 3 December 2010, Mulpha Land & Property Sdn Bhd, a wholly-owned subsidiary of the Company, entered into an agreement to dispose of a piece of freehold land located in Section 16, Petaling Jaya for a cash consideration of RM70 million. Completion of this agreement is subject to the approval of the Foreign Investment Committee and the full settlement of the purchase consideration.

(ii) On 16 December 2010, the Company announced the disposal of the Hilton Melbourne Airport Hotel, its related assets and liabilities by its subsidiaries, Mulpha Hotel Pty Limited ("MHPL"), Mulpha Australia Limited ("MAL") and Mulpha Hotel (Melbourne) Pty Limited ("MHMPL") for a cash consideration of AUD108,888,000 (approximately RM327 million).

MHPL and MHMPL are wholly-owned subsidiaries of MAL, which in turn is a wholly-owned subsidiary of the Company. The said disposal was completed on 31 March 2011.

8. DISCONTINUED OPERATIONS/NON-CURRENT ASSETS HELD FOR SALE (CONTD.)

(a) Non-current Assets Held for Sale (Contd.)

As at 31 December 2010, the assets and liabilities related to the above have been presented in the statements of financial position as assets and liabilities held for sale.

The major assets and liabilities classified as held for sale are as follows:

	Group RM'000
Assets classified as held for sale:	
Property, plant and equipment	158,855
Inventories	293
Receivables	5,204
	164,352
Liabilities classified as held for sale:	
Trade and other payables	7,895
Deferred tax liabilities	3,834
	11,729
Net assets classified as non-current assets held for sale	152,623

(b) Discontinued Operations

In September 2009, Mulpha Strategic Limited and Jumbo Hill Group Limited, both which are indirect wholly-owned subsidiaries of the Company, had disposed of 68% and 32% equity shares respectively in Pacific Orchid Investments Limited ("POIL"). POIL is an investment holding company which holds 68.72% interest in Greenfield Chemical Holdings Limited ("Greenfield"). Greenfield is principally involved in the manufacturing of paint and trading in petrochemical and related products in Hong Kong and China.

An analysis of the results of discontinued operations and the profit recognised upon the disposal is as follows:-

Group	2009 Period to disposal date RM'000
Revenue	80,692
Other income	10,257
Finished goods, shares purchased and raw materials used	(37,564)
Employee benefits expense	(21,679)
Depreciation and amortisation	(3,477)
Other expenses	(14,040)
Operating profit	14,189
Share of profit of associates	11,700
Profit on disposal of a subsidiary	12,172
Profit before taxation	38,061
Income tax expense	(2,225)
Profit for the period/year from discontinued operations	35,836

8. DISCONTINUED OPERATIONS/NON-CURRENT ASSETS HELD FOR SALE (CONTD.)

(b) Discontinued Operations (Contd.)

The cash flows attributable to the discontinued operations are as follows:-

	Group 2009 RM'000
Operating cash flows	24,989
Investing cash flows	1,570
Financing cash flows	(10,551)
Total cash flows	16,008

	Group 2009 RM'000
(i) Profit before taxation of the discontinued operation is arrived at after charging/(crediting):	
Amortisation of prepaid lease payments	106
Director's remuneration:	
Executive Directors' remuneration	
- Emoluments	475
Depreciation of property, plant and equipment	3,371
Net loss on foreign exchange	
- realised	84
Minimum operating payments:	
- land and buildings	519
Employee benefits expense (Note b)	21,679
Interest income	(5,156)
Rental of land and buildings	(62)
Gain on disposal of property, plant and equipment	(8)

	Group 2009 RM'000
(ii) Employee Benefits Expense	
Wages and salaries	18,698
Pension costs-defined contribution plans	1,221
Other staff related expenses	1,760
	21,679

9. EARNINGS/(LOSS) PER SHARE

	Group	
	Year Ended 31.12.2010 RM'000	Year Ended 31.12.2009 RM'000
Profit/(loss) for the year from continuing operations, net of tax, attributable to the owners of the parent	112,928	(35,457)
Profit for the year from discontinued operations, net of tax, attributable to the owners of the parent	-	25,728
	112,928	(9,729)
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares at 1 January	1,177,957	1,177,989
Effect of share buy-back	(2,036)	(30)
Effect of rights shares issued	933,052	100,968
Weighted average number of ordinary shares at 31 December	2,108,973	1,278,927
Basic earnings/(loss) per share (sen)		
- Continuing operations	5.35	(2.77)
- Discontinued operations	-	2.01
	5.35	(0.76)

The effects on the basic earnings/(loss) per share for the previous financial year arising from the assumed conversion of the warrants is anti-dilutive. There are no potential dilution effects on ordinary shares of the Company for the current financial year as the warrants outstanding and exercisable for conversion to ordinary shares had expired on 26 July 2010.

Accordingly, the diluted earnings/(loss) per share for both the current and previous financial year are equal to basic earnings/(loss) per share.

9. EARNINGS/(LOSS) PER SHARE (CONTD.)

(a) Continuing operations

Basic earnings per share amounts are calculated by dividing profit for the year from continuing operations, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year from continuing operations, net of tax, attributable to owners of the parent (after adjusting for interest expense on convertible redeemable preference shares, if any) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(b) Discontinued operations

The basic and diluted earnings per share from discontinued operation are calculated by dividing the profit from discontinued operation, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

A total of 348,603,195 warrants were issued by the Company in conjunction with a rights issue exercise completed in year 2000. Each warrant was convertible into one new ordinary share of RM0.50 each at the exercise price of RM1.50 per share. The warrants were valid for a period of ten years and had expired on 26 July 2010. Pursuant to a rights issue exercise completed on 25 March 2010 (as disclosed in Note 37), an additional 57,790,946 warrants were issued to warrant holders and the exercise price of the said warrants was adjusted to RM1.29 per share with no revision in the above expiry date. None of the warrants were exercised and all the warrants expired on 26 July 2010.

Since the end of the current financial year, the Company has purchased 4,727,200 shares from open market. There has been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

Group At 31 December 2010	Freehold land RM'000	Buildings RM'000	Plant, machinery, office equipment, furniture and motor vehicles RM'000	Capital work-in-progress RM'000	Total 2010 RM'000
Cost or Valuation					
At 1 January	240,694	1,151,766	513,678	206	1,906,344
Additions	15,143	7,206	70,082	-	92,431
Disposal of subsidiaries	-	-	-	(154)	(154)
Disposals/written off	(705)	(2,989)	(13,995)	-	(17,689)
Transfer to assets held for sale	(62,706)	(113,831)	(17,338)	-	(193,875)
Transfers/reclassifications	(423)	412	(5,696)	-	(5,707)
Exchange adjustments	4,532	23,841	1,757	-	30,130
At 31 December	196,535	1,066,405	548,488	52	1,811,480
Accumulated Depreciation and Impairment Losses					
At 1 January:					
Accumulated depreciation	-	141,622	249,760	-	391,382
Accumulated impairment losses	11,145	67,969	-	-	79,114
	11,145	209,591	249,760	-	470,496
Charge for the year	-	21,402	47,001	-	68,403
Disposals/written off	(169)	(498)	(5,625)	-	(6,292)
Reversal of impairment	(12,448)	-	-	-	(12,448)
Transfer to assets held for sale	-	(25,029)	(9,991)	-	(35,020)
Transfers/reclassifications	2,160	(2,160)	(1,962)	-	(1,962)
Exchange adjustments	18	3,100	1,851	-	4,969
At 31 December	706	206,406	281,034	-	488,146
Accumulated Depreciation and Impairment Losses					
Analysed as:					
Accumulated depreciation	-	138,788	281,034	-	419,822
Accumulated impairment losses	706	67,618	-	-	68,324
	706	206,406	281,034	-	488,146
Net Carrying Amount					
At 31 December 2010	195,829	859,999	267,454	52	1,323,334

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group At 31 December 2009	Freehold land RM'000	Buildings RM'000	Plant, machinery, office equipment, furniture and motor vehicles RM'000	Capital work-in-progress RM'000	Total 2009 RM'000
Cost or Valuation					
At 1 January	233,100	896,266	430,122	1,997	1,561,485
Exchange adjustments	36,472	221,994	69,294	5	327,765
Additions	10,788	65,157	78,467	5,259	159,671
Disposal of subsidiaries	-	(28,655)	(39,804)	(858)	(69,317)
Disposals/written off	(3,956)	(2,285)	(16,537)	-	(22,778)
Transfers/reclassifications	(35,710)	(711)	(7,864)	(6,197)	(50,482)
At 31 December	240,694	1,151,766	513,678	206	1,906,344
Accumulated Depreciation and Impairment Losses					
At 1 January:					
Accumulated depreciation	-	112,130	219,951	-	332,081
Accumulated impairment losses	17,591	44,153	-	-	61,744
	17,591	156,283	219,951	-	393,825
Exchange adjustments	150	35,735	33,952	-	69,837
Charge for the year	-	19,024	42,954	-	61,978
Disposal of subsidiaries	-	(8,613)	(26,330)		(34,943)
Disposals/written off	(1,990)	(1,148)	(13,463)	-	(16,601)
Impairment loss	-	8,310	-	-	8,310
Transfers/reclassifications	(4,606)	-	(7,304)	-	(11,910)
At 31 December	11,145	209,591	249,760	-	470,496
Accumulated Depreciation and Impairment Losses					
Analysed as:					
Accumulated depreciation	-	141,622	249,760	-	391,382
Accumulated impairment losses	11,145	67,969	-	-	79,114
	11,145	209,591	249,760	-	470,496
Net Carrying Amount					
At 31 December 2009	229,549	942,175	263,918	206	1,435,848

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(i) Net book values of assets pledged as security for borrowings as disclosed in Note 27 are as follows:-

	Group 2010 RM'000	Group 2009 RM'000
Land	179,792	211,470
Buildings	801,535	879,988
Plant, machinery, office equipment, furniture and motor vehicles	170,545	178,075
	1,151,872	1,269,533

(ii) The following are assets held by the Group which earn rental income under operating leases. The details of future annual rentals receivable under the operating leases are included in Note 32(vi).

Group	Buildings RM'000	Plant and machinery RM'000	Total RM'000
At 31 December 2010			
Cost	132,035	8,887	140,922
Accumulated depreciation	(4,687)	(4,490)	(9,177)
Net carrying amount	127,348	4,397	131,745
At 31 December 2009			
Cost	126,661	16,289	142,950
Accumulated depreciation	(1,668)	(5,896)	(7,564)
Net carrying amount	124,993	10,393	135,386

(iii) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM92,431,000 (2009: RM159,671,000) of which RM20,768,000 (2009: RM34,363,000) were acquired by means of hire purchase and finance lease arrangements with the balance paid in cash.

(iv) The carrying amount of plant, machinery, office equipment, furniture and motor vehicles held under hire purchase and finance leases as at the reporting date were RM52,276,000 (2009: RM56,030,000). These assets are pledged as securities for the related finance lease obligations.

(v) As detailed in Note 8(a)(i), a subsidiary entered into an agreement to dispose off a freehold land for RM70 million. The said land was previously impaired by RM12.488 million. As the consideration for the disposal is higher than the original cost of the freehold land, the entire impairment loss is reversed during the year.

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(vi) Included in property, plant and equipment is a long-term leasehold building which was revalued by the Directors based on an independent valuation carried out on an existing use basis in 1983 as follows:

	Group 2010 RM'000	Group 2009 RM'000
Long-term leasehold building - at 1983 valuation	2,700	2,700

This asset continued to be stated on the basis of their 1983 valuation as allowed by the transitional provisions in respect of International Accounting Standard No.16 (Revised), Property, Plant and Equipment adopted by Malaysian Accounting Standards Board.

The net book value of this building had it been stated at cost less accumulated depreciation would have been approximately RM219,000 (2009: RM246,000) as at the reporting date.

	Office equipment, furniture and motor vehicles Total 2010 RM'000	2009 RM'000
Company		
Cost		
At 1 January	5,168	5,092
Additions	2,282	117
Disposals	(350)	(41)
Transfers to subsidiaries	(10)	-
Write-off	(417)	-
At 31 December	6,673	5,168
Accumulated Depreciation		
At 1 January	4,215	3,905
Current year charge	396	340
Disposals	(346)	(30)
Transfers to subsidiaries	(9)	-
Write-off	(413)	-
At 31 December	3,843	4,215
Net Carrying Amount		
At 31 December	2,830	953

11. INVESTMENT PROPERTIES

	Group	
	2010 RM'000	2009 RM'000 (Restated)
At 1 January	21,765	21,545
Additions from subsequent expenditure	64	672
Transfer to property, plant and equipment	-	(53)
Net loss from fair value adjustment recognised in profit or loss	(410)	(399)
At 31 December	21,419	21,765

Investment properties comprise a number of commercial and residential properties which are leased-out for rental income or kept for capital appreciation. Investment properties are stated at fair value, which are determined based on Directors' estimate by reference to the average market value of the properties transacted around the same area.

Investment property with a carrying amount of RM18,950,000 (2009: RM19,109,000) is pledged as a security for bank borrowings as disclosed in Note 27.

12. PREPAID LEASE PAYMENTS

	Group	
	2010 RM'000	2009 RM'000
At 1 January	8,198	14,716
Amortisation for the year	(116)	(231)
Disposal of subsidiaries	(3,984)	(6,380)
Exchange differences	(94)	93
At 31 December	4,004	8,198

Leasehold land with an aggregate carrying amounts of RM3,182,000 (2009: RM3,245,000) are pledged as securities for borrowings as disclosed in Note 27.

13. INVESTMENTS IN SUBSIDIARIES

	Company 2010 RM'000	Company 2009 RM'000
At cost:		
Quoted shares in Malaysia	60,134	44,729
Unquoted shares in Malaysia	238,754	255,628
Foreign unquoted shares	247,827	247,827
	546,715	548,184
Less: Accumulated impairment losses	(173,394)	(149,918)
	373,321	398,266
Market value of quoted shares in Malaysia	31,886	16,468

The Company carried out an annual review of the recoverable amount of its investments based on the recoverable value of its investments which is determined at the cash-generating unit ("CGU") level. The results of the review require an additional impairment losses of RM24,945,000 (2009: Nil). No additional impairment losses were recognised on the quoted shares in Malaysia as the fair value of the net assets of the said subsidiary is higher than the market value of its quoted shares.

Movement in the accumulated impairment losses are as follows:

	Company 2010 RM'000	Company 2009 RM'000
As at 1 January	149,918	149,918
Impairment recognised	24,945	-
Written off	(1,469)	-
As at 31 December	173,394	149,918

The irredeemable convertible preference shares of a quoted subsidiary of RM15,405,000, which were previously held by the Company, were converted into ordinary shares in the current year resulting in the increase in carrying amounts of the quoted shares and decrease in carrying amount of the unquoted shares.

Dilution of interest in Manta Holdings Company Limited

As detailed in Note 37(b), the Group successfully listed its subsidiary, Manta Holdings Company Limited on the Hong Kong Stock Exchange. The listing resulted in a dilution of interest in the Group from 88% to 75% during the year.

Disposal of subsidiary

During the year, Mulpha Hotel (Vietnam) Sdn Bhd entered into an agreement to sell its entire equity interest in Indochine (Hanoi) for a total cash consideration of RM404,000.

Details of the subsidiaries are set out in Note 41.

14. INVESTMENTS IN ASSOCIATES

	Group 2010 RM'000	Group 2009 RM'000 (restated)	Group 1.1.2009 RM'000 (restated)	Company 2010 RM'000	Company 2009 RM'000
(a) Interest in associates:					
At cost:					
Quoted shares in Malaysia	41,004	33,560	33,560	-	-
Unquoted shares in Malaysia	888	888	888	50	50
Foreign quoted shares	877,333	864,276	622,779	21,963	21,963
Foreign unquoted shares	1,200	1,200	1,301	-	-
Exchange difference	197,487	168,885	-	-	-
	1,117,912	1,068,809	658,528	22,013	22,013
Share of post-acquisition reserves	14,188	(86,964)	(7,633)	-	-
	1,132,100	981,845	650,895	22,013	22,013
Less: Accumulated impairment losses	(7,255)	(55)	(55)	-	-
	1,124,845	981,790	650,840	22,013	22,013
Market value of quoted shares					
- In Malaysia	380,608	434,976	98,898	-	-
- Foreign	801,127	729,433	106,693	*	23,143

The quoted shares of a foreign associate with carrying amount of RM19,725,000 (2009: RM Nil) are pledged as security for other borrowings as disclosed in Note 27.

* The Singapore Exchange Securities Trading Limited has issued a notice of delisting to a quoted foreign associate, namely Rotol Singapore Ltd on 2 June 2010 and the trading of the said associate was suspended from 1 July 2010.

Details of a prior year adjustment affecting investments in associates are disclosed in Note 40.

(b) The summarised financial information of the associates are as follows:-

	Group 2010 RM'000	Group 2009 RM'000	Group 1.1.2009 RM'000
Assets and Liabilities			
Current assets	3,340,053	1,347,593	1,408,486
Non-current assets	10,587,654	11,149,662	8,742,611
Total assets	13,927,707	12,497,255	10,151,097
Current liabilities	5,070,013	4,483,672	4,905,762
Non-current liabilities	3,256,703	2,981,546	1,817,536
Total liabilities	8,326,716	7,465,218	6,723,298
Results			
Revenue	2,150,248	1,893,386	715,359
Profit/(loss) for the year	420,381	(138,952)	(391,944)

14. INVESTMENTS IN ASSOCIATES (CONTD.)

(b) The summarised financial information of the associates are as follows (contd.):-

The carrying amounts of the investments in quoted shares exceed those of their market value. However, no impairment is required as the recoverable amount of these investment exceeds their carrying amounts.

The recoverable amounts are determined based on value-in-use calculation which are calculated using the discounted net cash projections based on financial budgets approved by management. The discount rate and other assumptions used reflects management's estimate of the time value of money and risk profile of these investments.

In determining value-in-use, pre-tax cash flow was discounted at 15.1%.

(c) During the financial year, Mudajaya Group Berhad placed certain new shares to other investors resulting in a dilution of the Group's interest from 23.5% to 21.4%. The Group recognised a gain of RM29,784,000 arising from this dilution.

(d) The Group recognised additional impairment loss of RM7,200,000 on certain other associates upon a review of their recoverable amount.

The details of the associates are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest and Voting Power 2010 %	2009 %
Associate of Mulpha International Bhd				
Mulpha Engineering & Construction Sdn Bhd	Malaysia	Contracting	20.0	20.0
Rotol Singapore Ltd	Singapore	Architectural surface coating and design and fabrication of aluminium curtain wall claddings	38.0	38.0
Associate of Mulpha Capital Partners Sdn Bhd				
Sama Wira Mulpha Industries Sdn Bhd	Malaysia	Manufacture and sale of wire mesh	30.0	30.0
Associate of Mulpha Infrastructure Holdings Sdn Bhd				
Mudajaya Group Berhad	Malaysia	Building contractor and civil engineering	21.84	23.46

14. INVESTMENTS IN ASSOCIATES (CONTD.)

The details of the associates are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest and Voting Power 2010 %	2009 %
Associates of Mulpha Australia Limited				
Real Estate Capital Partners Pty Limited	Australia	Investment	50.0	50.0
FKP Property Group ("FKP")	Australia	Ownership and management of retirement villages and property development	4.90	4.85
Associate of Rosetec Investments Limited				
FKP	Australia	Ownership and management of retirement villages and property development	20.43	20.22

15. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group 2010 RM'000	Group 2009 RM'000
Unquoted shares at cost	125,723	125,723
Add: Share of post-acquisition profit	26,529	59,557
Exchange differences	27,723	20,220
	179,975	205,500

Name of Jointly-controlled Entities	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Mulpha FKP Pty Limited	Australia	Property development	50.1	50.1

Mulpha FKP Pty Limited holds 100% equity interest in Norwest Real Estate Pty Limited, an inactive company incorporated in Australia.

15. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (CONTD.)

The Group's aggregate share of the assets, liabilities, income and expenses of the jointly-controlled entities are as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	12,606	105,123
Non current assets	279,673	242,392
Current liabilities	(13,851)	(140,765)
Non current liabilities	(98,454)	(1,249)
Net assets	179,975	205,500
Results		
Revenue	103,814	92,252
Expenses, including finance costs and taxation	(78,996)	(81,622)
Share of profit	24,818	10,630

16. INVESTMENT SECURITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non current				
Available for sale financial assets				
Foreign quoted shares	292	1,406	-	-
Unquoted shares				
- In Malaysia	677	677	677	677
- Foreign	1,226	1,133	43	43
	2,195	3,216	720	720
Current				
Financial assets at fair value through profit or loss				
Quoted shares				
- In Malaysia	526	3,493	-	-
- Foreign	3,920	6,024	-	-
Unquoted investment funds	4,790	6,463	-	-
	9,236	15,980	-	-

The current investment securities with carrying value of RM9,236,000 (2009: RM15,980,000) are pledged to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 27.

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Freehold Land RM'000	Leasehold Land RM'000	Total RM'000
Group			
At 31 December 2010:			
Cost:			
At 1 January 2010	554,936	280,882	835,818
Additions	9,739	1,580	11,319
Disposal of land (Note (i))	-	(10,183)	(10,183)
Transfer to property development costs	(42,978)	-	(42,978)
Exchange differences	7,097	-	7,097
At 31 December 2010	528,794	272,279	801,073
Accumulated Impairment Losses			
At 1 January 2010	(4,606)	(48,721)	(53,327)
Reversal of impairment loss	4,606	2,683	7,289
At 31 December 2010	-	(46,038)	(46,038)
Carrying Amount at 31 December 2010	528,794	226,241	755,035
At 31 December 2009:			
Cost:			
At 1 January 2009	365,483	279,791	645,274
Additions	45,502	1,091	46,593
Transfer from property, plant and equipment	37,228	-	37,228
Transfer to property development costs	73,851	-	73,851
Exchange differences	32,872	-	32,872
At 31 December 2009	554,936	280,882	835,818
Accumulated Impairment Losses			
At 1 January 2009	-	(48,721)	(48,721)
Transfer from property, plant and equipment	(4,606)	-	(4,606)
At 31 December 2009	(4,606)	(48,721)	(53,327)
Carrying Amount at 31 December 2009	550,330	232,161	782,491

(i) The disposal of the land is pursuant to the deed of mutual termination signed between a subsidiary, Ekspo Melaka Sdn Bhd and its 30% shareholder, Perbadanan Kemajuan Negeri Melaka ("PKNM"). No gain no loss is realised from this transaction as the consideration from the disposal is equivalent to the book value of the land disposed and the consideration was used to offset against debt due to PKNM.

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property Development Costs

	2010 RM'000	2009 RM'000
Group		
Cumulative property development costs		
At 1 January		
Freehold land	660,001	542,094
Leasehold land	16,537	16,537
Development costs	508,900	501,629
Costs incurred during the year	117,799	54,805
Transfer from/(to) land held for property development	42,978	(73,851)
Transfer (to)/from inventories	(2,766)	2,558
Reversal of completed projects	(25,053)	(20,078)
Exchange differences	17,796	161,744
At 31 December	1,336,192	1,185,438
Cumulative costs recognised in income statement		
At 1 January	(977,439)	(826,924)
Recognised during the year	(123,620)	(47,227)
Reversal of completed projects	25,053	20,078
Exchange differences	(20,697)	(123,366)
At 31 December	(1,096,703)	(977,439)
Property development costs at 31 December	239,489	207,999

Interest costs which is included in property development costs incurred during the financial year are RM2,183,000 (2009: RM2,341,000).

Certain land held for development and property development costs amounting to RM598,033,000 (2009: RM597,627,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 27.

18. GOODWILL

	Purchased Goodwill RM'000	Goodwill on consolidation RM'000	Total RM'000
Group			
At 1 January 2009	4,686	8,903	13,589
Additions	-	18	18
Exchange differences	1,308	-	1,308
At 31 December 2009/1 January 2010	5,994	8,921	14,915
Exchange differences	156	-	156
At 31 December 2010	6,150	8,921	15,071

Purchased goodwill mainly arose from the acquisition of property management rights and real estate franchise in Australia.

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 December 2010			
Boat show	-	213	213
Realty business	-	5,938	5,938
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	6,150	15,071
At 31 December 2009			
Boat show	-	207	207
Realty business	-	5,787	5,787
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	5,994	14,915

18. GOODWILL (CONTD.)

Key assumptions used

The recoverable amount of a CGU is determined based on the higher of fair value and value-in-use. The value-in-use is calculated using the discounted net cash projections based on financial budgets approved by management. The discount rates ranging from 6% to 8% are based on management's estimate of the time value of money and risk profile of the investment.

The fair value of the investment business is based on the observable market price of the securities held, less costs to sell. Where there are no observable market price for unquoted investments, fair value is estimated based on net asset value of the CGU.

Based on the impairment test undertaken, no additional impairment loss is required to be recognised.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use and fair value, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

19. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
Net realisable value:		
Finished goods	23,829	23,874
Completed properties	7,960	6,779
Other consumables	3,457	2,787
Golf memberships	3,434	-
	38,680	33,440
Cost:		
Work-in-progress	4,373	2,741
Completed properties	8,030	11,883
Raw materials	28	7,032
Golf memberships	-	4,390
	12,431	26,046
	51,111	59,486

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables	138,044	132,447	-	-
Less: Allowance for impairment	(9,827)	(8,744)	-	-
	128,217	123,703	-	-
Other receivables	91,963	86,960	228	228
Less: Allowance for impairment	(40,985)	(1,530)	-	-
	50,978	85,430	228	228
Deposits	11,136	5,343	113	113
Due from related parties				
- Subsidiaries	-	-	1,319,508	1,158,140
- Associates	9,179	1,754	389	384
	9,179	1,754	1,319,897	1,158,524
Less: Allowance for impairment	(4,395)	-	(218,294)	(116,363)
	4,784	1,754	1,101,603	1,042,161
	195,115	216,230	1,101,944	1,042,502
Non-current				
Due from jointly-controlled entities	7,071	-	-	-
Total trade and other receivables	202,186	216,230	1,101,944	1,042,502

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Total trade and other receivables	202,186	216,230	1,101,944	1,042,502
Add: Cash and bank balances	373,434	168,620	99,754	15,803
Total loan and receivables	575,620	384,850	1,201,698	1,058,305

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables

The Group's normal credit terms range from 14 to 60 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

(b) Ageing analysis

Ageing analysis of trade receivables are as follows:

	Group 2010 RM'000
Neither past due nor impaired	109,853
1-30 days past due but not impaired	10,149
31-60 days past due but not impaired	2,462
More than 60 days past due but not impaired	5,753
	18,364
Impaired	9,827
	138,044

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired relates to customers with good track record with the Group. Based on past experience, losses occurred infrequently. None of the Group's trade receivables that are neither past due nor impaired have been re-negotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM18,364,000 that are past due at the reporting date but not impaired. These relates to a number of customers that had a reasonably good track record of repayment with the Group. Based on past experience, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in their credit quality.

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(b) Ageing analysis (Contd.)

Receivables that are impaired

All the receivables were individually impaired. The movement in allowance account for receivables are as follows:

	Group	
	2010 RM'000	2009 RM'000
Trade receivables		
At 1 January	8,744	11,024
Charge for the year	2,882	1,456
Written off	(383)	(1,544)
Disposal of a subsidiary	-	(2,192)
Reversal of impairment loss	(1,429)	-
Exchange adjustments	13	-
At 31 December	9,827	8,744
Other receivables		
At 1 January	1,530	10,745
Charge for the year	37,326	-
Written off	-	(9,215)
Exchange adjustments	2,129	-
At 31 December	40,985	1,530

Receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and/or have defaulted on payments.

Other receivables that are impaired

At the reporting date, the Group has provided an additional allowance of RM37,326,000 in respect of the receivables arising from sales of properties made by a subsidiary in 2009.

Final settlement of the sales, originally anticipated in 2010, has been deferred until 2011. Several deferment had occurred since 2010 which places uncertainty on the recoverability of the receivables which resulted in the allowance being made.

(c) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and repayable on demand. Further details are shown below:

	Company	
	2010 RM'000	2009 RM'000
Bearing interest ranging from 4.5% to 7% (2009: 4.5% to 7%)	245,938	149,106
Non-interest bearing	1,073,570	1,009,034
	1,319,508	1,158,140

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(d) Amounts due from associates

Amounts due from associates are unsecured, non-interest bearing and repayable on demand except for an amount of RM8.79 million which bears an interest rate of 6.93% (2009: 6.49%) per annum.

(e) Other receivables (Current)

These receivables are unsecured and repayable on demand. The amounts are individually impaired for those receivables of which the recoverability are doubtful as disclosed above.

(f) Amounts due from jointly-controlled entities

Amounts due from jointly-controlled entities are unsecured, non-interest bearing and are not repayable within the foreseeable future.

21. OTHER NON-CURRENT ASSETS

	Group	
	2010 RM'000	2009 RM'000
Prepayments	5,141	788

22. OTHER CURRENT ASSETS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Prepayments	38,655	23,183	110	1,203

23. CASH AND BANK BALANCES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	68,672	65,037	60	25
Deposits with licensed banks	304,762	103,583	99,694	15,778
	373,434	168,620	99,754	15,803

Deposits amounting to RM10,663,000 (2009: RM24,561,000) of the Group and RM8,445,000 (2009: RM15,778,000) of the Company are pledged to licensed financial institutions as security for banking facilities granted to certain subsidiaries and the Company as disclosed in Note 27.

Included in the cash and banks of the Group is an amount of RM922,000 (2009: RM2,858,000) maintained under the Housing Developers Account pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

Information of the weighted average effective interest rates and maturities of deposits are disclosed in Note 36.

23. CASH AND BANK BALANCES (CONTD.)

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash and short-term deposits	373,434	168,620	99,754	15,803
Bank overdraft (Note 27)	(3,049)	(3,182)	(150)	(1,472)
Cash and cash equivalents	370,385	165,438	99,604	14,331

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables - third parties	59,234	49,068	133	133
Other payables	123,975	130,264	1,732	2,447
Due to related parties				
- Director of a subsidiary	-	1,007	-	-
- Non-controlling shareholders of a subsidiary	8,853	7,847	-	-
- Jointly-controlled entities	945	58,330	-	-
- Subsidiaries	-	-	53,066	83,603
	193,007	246,516	54,931	86,183
Non-current				
Other payables	5,727	-	-	-
Total trade and other payables	198,734	246,516	54,931	86,183
Add: Loan and borrowings (Note 27)	1,281,942	1,529,240	150	186,272
Total financial liabilities carried at amortised cost	1,480,676	1,775,756	55,081	272,455

(a) Trade payables

These are generally non-interest bearing. The normal credit terms granted to the Group range from 30 to 90 days.

24. TRADE AND OTHER PAYABLES (CONTD.)

(b) Other payables

These amounts are non-interest bearing and are normally settled on a commercial terms except for the non-current portion where the amount due are not expected to be settled within the foreseeable future.

(c) Amounts due to related parties

The amounts due to non-controlling shareholders of a subsidiary bear interest at 6.5% (2009: 10%) per annum during the year whereas the amount due to jointly-controlled entities bear interest at 7.5% (2009: 7.5%) per annum during the year. These amounts are unsecured and repayable on demand.

25. OTHER CURRENT LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
Progress billings in respect of property development costs	613	547

26. PROVISION FOR LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
Provision for staff benefits		
At 1 January	14,314	13,244
Provision for the year	13,849	11,842
Payments during the year	(14,724)	(15,749)
Exchange adjustments	1,164	4,977
At 31 December	14,603	14,314
Analysed as:		
Current	11,078	10,591
Non-current	3,525	3,723
	14,603	14,314

Provision for staff benefits accrues to those staffs who have served for ten-years of continuous employment and are then entitled to a three months paid leave.

27. LOANS AND BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current				
Secured:				
Obligations under finance lease and hire purchase	11,534	15,950		
Bank overdrafts	2,899	1,710	-	-
Bills payable	-	900,723	-	-
Bonds	2,886	2,564	-	-
Revolving credit	-	46,200	-	46,200
Revolving loan	-	119,421	-	-
Term loans	184,772	59,266	-	-
Islamic Debt Securities				
- Commercial papers	-	50,000	-	50,000
- Medium term notes	-	20,000	-	20,000
	202,091	1,215,834	-	116,200
Unsecured:				
Bank overdrafts	150	1,472	150	1,472
Convertible notes	-	44,556	-	-
Term loans	-	68,653	-	68,600
	150	114,681	150	70,072
	202,241	1,330,515	150	186,272
Non-current:				
Secured:				
Obligations under finance lease and hire purchase	29,575	30,937	-	-
Bonds	266,727	114,963	-	-
Term loans	783,399	52,825	-	-
	1,079,701	198,725	-	-

27. LOANS AND BORROWINGS (CONTD.)

	Group		Company	
Total loans and borrowings:	**2010**	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Obligations under finance lease and hire purchase	41,109	46,887	-	-
Bank overdrafts	3,049	3,182	150	1,472
Bills payable	-	900,723	-	-
Bonds	269,613	117,527	-	-
Convertible notes	-	44,556	-	-
Revolving credit	-	46,200	-	46,200
Revolving loans	-	119,421	-	-
Term loans	968,171	180,744	-	68,600
Islamic Debt Securities				
- Commercial papers	-	50,000	-	50,000
- Medium term notes	-	20,000	-	20,000
	1,281,942	1,529,240	150	186,272

The remaining maturity of loans and borrowings as at 31 December 2010 are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
On demand or within one year	202,241	1,330,515	150	186,272
More than 1 year and less than 5 years	976,338	86,065	-	-
More than five years	103,363	112,660	-	-
	1,281,942	1,529,240	150	186,272

(a) Obligations under finance lease and hire purchase

These obligations are secured by the leased assets as disclosed in Note 10. The finance lease and hire purchase payables bore interest rates at between 4.38% and 8.90% (2009: 4.38% and 9.60%) per annum during the financial year.

27. LOANS AND BORROWINGS (CONTD.)

(b) The bank overdrafts, bills payable, revolving credit, term loans are secured by the following:

(i) corporate guarantees by the Company and certain of its subsidiaries;

(ii) pledge of land and buildings of certain subsidiaries, as disclosed in Note 10 and Note 12;

(iii) pledge of machinery of certain subsidiaries as disclosed in Note 10;

(iv) pledge of an investment property as disclosed in Note 11;

(v) pledge of land held for development and property development costs of certain subsidiaries as disclosed in Note 17;

(vi) lien on fixed deposits of the Company and certain subsidiaries, as disclosed in Note 23;

(vii) floating charge over assets of certain subsidiaries; and

(viii) pledge over current investment securities.

(c) The Islamic Debt Securities comprise the issuance of Commercial Papers and Medium Term Notes based on the Syariah principle of Murabahah. The Islamic Debt Securities were secured by the following:

(i) third party first fixed charge over development land of certain subsidiaries as disclosed in Note 17;

(ii) assignment of net residual proceeds of Housing Developers Accounts of certain subsidiaries;

(iii) assignment of the sales and rental proceeds of the non-residential units in respect of certain subsidiaries;

(iv) first charge over designated bank accounts of certain subsidiaries; and

(v) Kafalah (bank guarantee).

(d) Bonds

(i) During the financial year, a subsidiary in Labuan issued zero-coupon bonds at a discount with a 10% yield to maturity. The bonds are repayable in June 2012 and are secured by corporate guarantee by the Company.

(ii) A subsidiary in Australia issued bonds that have an effective interest rate of 8.80% (2009: 8.20%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold property of a subsidiary as disclosed in Note 10(i).

27. LOANS AND BORROWINGS (CONTD.)

(e) Convertible Notes

A subsidiary in Australia issued Convertible Notes to fund the redevelopment program of a golf club. The salient terms of the Convertible Notes were as follows:

(i) Principal Amount

The face value, redemption amount and principal amount of the Convertible Notes ("Principal Amount") equal the issue price of the Convertible Notes.

(ii) Maturity Date – 30 November 2010

(iii) Interest – No interest is payable on the Convertible Notes

(iv) Redemption – Unless converted to a share by Note holder or the subsidiary, a Convertible Note will be redeemed for its Principal Amount at the Maturity Date or upon specific occurrences as detailed in the trust deed.

(v) Conversion Rights

The subsidiary may require the Convertible Notes to be converted into shares at any time prior to the Maturity Date or redemption of the Convertible Notes (whichever is the later).

Note holders may convert the Convertible Notes into shares by providing notice in accordance with the trust deed on the last day of each month during the period beginning on 31 January 2010 and ending on the Maturity Date.

(vi) Conversion Rate – Upon conversion, one Convertible Note converts into one fully paid share.

(vii) Security – The Convertible Notes are unsecured.

During the financial year, all convertible notes had been converted to ordinary shares in the said subsidiary and the liability to convertible note holders was extinguished.

(f) Other information on financial risks of borrowings are disclosed in Note 36.

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of Ordinary Shares of RM0.50 each		<------------------ Amount ------------------>			
Group and Company	**Share capital (Issued and fully paid) '000**	**Treasury shares '000**	**Share capital (Issued and fully paid) RM'000**	**Share premium RM'000**	**Total share capital and share premium RM'000**	**Treasury shares RM'000**
At 1 January 2009	1,254,972	(76,983)	627,485	797,104	1,424,589	(97,999)
Purchase of treasury shares	-	(32)	-	-	-	(14)
Cancellation of treasury shares	(77,015)	77,015	(38,507)	(98,013)	(136,520)	98,013
At 31 December 2009 and 1 January 2010	1,177,957	-	588,978	699,091	1,288,069	-
Rights issue of ordinary shares	1,177,956	-	588,979	(119,228)	469,751	-
Purchase of treasury shares	-	(11,056)	-	-	-	(5,442)
At 31 December 2010	2,355,913	(11,056)	1,177,957	579,863	1,757,820	(5,442)

	Number of Ordinary Shares of RM0.50 each		Amount	
	2010 '000	**2009 '000**	**2010 RM'000**	**2009 RM'000**
(a) Authorised share capital:				
At 1 January	4,000,000	2,000,000	2,000,000	1,000,000
Created during the year	-	2,000,000	-	1,000,000
At 31 December	4,000,000	4,000,000	2,000,000	2,000,000

(b) Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM588,978,289 to RM1,177,956,579 by way of a rights issue of 1,177,956,579 new ordinary shares of RM0.50 each at an issue price of RM0.50 per ordinary share, payable in cash and capitalisation from the Company's share premium account of RM0.40 and RM0.10 respectively. The transaction costs of RM1,431,000 was debited to the share premium account.

(c) Warrants

A total of 348,603,195 warrants were issued by the Company in conjunction with a rights issue exercise completed in year 2000. Each warrant was convertible into one new ordinary share of RM0.50 each at the exercise price of RM1.50 per share. The warrants were valid for a period of ten years. Pursuant to a rights issue exercise completed on 25 March 2010 (as disclosed in Note 37), an additional 57,790,946 warrants were issued to warrant holders and the exercise price of the said warrants was adjusted to RM1.29 per share with no revision in the expiry date of 26 July 2010. None of the warrants were exercised and all the warrants have expired.

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONTD.)

(d) Treasury shares

Under the Company's current share buyback scheme approved by its shareholders, the Company proposed to purchase up to a maximum of 125,497,158 ordinary shares of RM0.50 each. The purpose of the scheme is to allow the Company to buyback its shares when the market does not fully reflect the value of its shares.

As at 31 December 2010, the details of the Company's share purchase, resale transactions and share cancellation were as follows:-

Year		Number of shares purchased/(resold)	Total consideration RM'000	Average price RM
2005	Purchased	33,956,100	19,919	0.587
2006	Purchased	38,711,900	31,356	0.810
2007	Purchased	39,632,600	59,818	1.509
2007	Resold	(75,733,000)	(56,452)	
2008	Purchased	40,415,400	43,358	1.073
2009	Purchased	32,000	14	0.450
		77,015,000	98,013	
2009	Cancelled	(77,015,000)		
		-		
2010	Purchased	11,055,700	5,442	0.490
		11,055,700	5,442	

During the year, the Company purchased 11,055,700 shares from the open market as follows:-

Month	Number of shares purchased	Total consideration RM'000	Highest price RM	Lowest price RM	Average price RM
June	2,500,000	1,006	0.405	0.395	0.402
August	900,000	355	0.395	0.385	0.394
September	215,000	83	0.390	0.385	0.386
December	7,440,700	3,998	0.545	0.520	0.537
	11,055,700	5,442			

The purchases of shares were funded by internal funds. The shares purchased have been retained as treasury shares.

Of the total 2,355,913,158 (2009:1,177,956,579) issued and fully paid ordinary shares as at 31 December 2010, 11,055,700 (2009: nil) are held as treasury shares.

29. RESERVES

	Group 2010 RM'000	Group 2009 RM'000 (restated)	Group 1.1.2009 RM'000 (restated)	Company 2010 RM'000	Company 2009 RM'000
Non-Distributable					
Revaluation reserve	6,799	2,062	1,355	-	-
Exchange reserve	330,237	290,358	(11,504)	-	-
Capital reserve	110,205	110,205	74,200	108,228	108,228
Other reserve	(6,118)	474	1,921	-	-
	441,123	403,099	65,972	108,228	108,228

The movements in reserves are shown in the statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

(a) Revaluation Reserve

This reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of land.

(b) Exchange Reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries as well as from the translation of foreign currency loans used to hedge the investments in foreign subsidiaries.

(c) Capital Reserve

This reserve includes:

(i) reserve arising from the cancellation of treasury shares representing the nominal value of the shares repurchased and cancelled; and

(ii) reserve arising from the capitalisation of bonus issue of a certain subsidiary.

(d) Other Reserve

Other reserve comprise mainly share of post acquisition reserve of associates and available-for-sale reserve. Details of a prior year adjustment on other reserve is disclosed in Note 40.

30. DEFERRED TAX LIABILITIES

Deferred income tax as at 31 December 2010 relates to the following:

Group:
Deferred Tax Liabilities

	Accelerated Capital Allowances RM'000	Revaluation of Land RM'000	Fair Value Adjustment RM'000	Receivables and Others RM'000	Total RM'000
At 1 January 2010	26,646	3,345	30,947	134,121	195,059
Recognised in income statement	5,087	6	(126)	12,091	17,058
Recognised in equity	-	2,177	-	-	2,177
Transfer to assets held for sale	(3,834)	-	-	-	(3,834)
Exchange adjustments	725	18	-	4,007	4,750
At 31 December 2010	28,624	5,546	30,821	150,219	215,210
At 1 January 2009	16,350	3,345	31,386	94,133	145,214
Recognised in income statement	5,944	-	(439)	12,587	18,092
Recognised in equity	-	-	-	132	132
Disposal of subsidiaries	-	-	-	(138)	(138)
Exchange adjustments	4,352	-	-	27,407	31,759
At 31 December 2009	26,646	3,345	30,947	134,121	195,059

Deferred Tax Assets

	Provision for Liabilities and Other Payables RM'000	Unabsorbed Capital Allowances RM'000	Tax Losses RM'000	Total RM'000
At 1 January 2010	(58,034)	-	(27,235)	(85,269)
Recognised in the income statement	4,660	(40)	(53,502)	(48,882)
Exchange adjustments	(4,113)	-	788	(3,325)
At 31 December 2010	(57,487)	(40)	(79,949)	(137,476)

30. DEFERRED TAX LIABILITIES (CONTD.)

Group:
Deferred Tax Assets (Contd.)

	Provision for Liabilities and Other Payables RM'000	Unabsorbed Capital Allowances RM'000	Tax Losses RM'000	Total RM'000
At 1 January 2009	(25,887)	(71)	(6,324)	(32,282)
Recognised in the income statement	(23,010)	69	(17,417)	(40,358)
Disposal of subsidiaries	55	-	(4)	51
Exchange adjustments	(9,192)	2	(3,490)	(12,680)
At 31 December 2009	(58,034)	-	(27,235)	(85,269)

	Group	
	2010 RM'000	2009 RM'000
At 1 January	109,790	112,932
Recognised in income statement (Note 7)	(31,824)	(22,266)
Recognised in equity	2,177	132
Disposal of subsidiary	-	(87)
Transfer to assets held for sale	(3,834)	-
Exchange adjustments	1,425	19,079
At 31 December	77,734	109,790

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

Presented after appropriate offsetting as follows:

	Group	
	2010 RM'000	2009 RM'000
Deferred tax liabilities	215,210	195,059
Deferred tax assets	(137,476)	(85,269)
	77,734	109,790

30. DEFERRED TAX LIABILITIES (CONTD.)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unutilised tax losses	96,163	171,705	335	335
Unabsorbed capital allowances	19,522	20,494	3,657	3,657

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits, subject to and in accordance with the relevant tax legislation of the countries where the Group operates. Deferred tax assets have not been recognised as it is not probable that taxable profits will be available in the foreseeable future to utilise the tax benefits.

31. CONTINGENT LIABILITIES

(a) Unsecured contingent liabilities

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group				
Guarantees given to financial institutions in respect of facilities granted to subsidiaries	-	-	167,723	55,541
Guarantees given to third parties	13,889	26,221	-	-
Share of contingent liabilities incurred by an associate	-	3,991	-	-
Share of guarantees and letters of credit to third parties entered into by a jointly-controlled entity	12,357	8,031	-	-
	26,246	38,243	167,723	55,541

32. COMMITMENTS

	Group	
	2010 RM'000	2009 RM'000
(i) Capital expenditure		
Authorised and contracted for	19,617	6,556
(ii) Inventories		
Repurchase of machineries previously sold	-	3,179

32. COMMITMENTS (CONTD.)

	Group 2010 RM'000	Group 2009 RM'000
(iii) Investments		
Authorised and contracted for		
- unquoted investments outside Malaysia	-	7,983
(iv) Land held for property development		
Authorised and contracted for	28,769	32,735
(v) Non-Cancellable Operating Lease Commitments - Group as Lessee		
Future minimum rentals payable:		
Not later than one year	6,311	6,294
Later than one year but not later than five years	13,566	14,006
Later than five years	66,953	98,068
	86,830	118,368
(vi) Non-Cancellable Operating Lease Commitments - Group as Lessor		
Future minimum rentals receivable:		
Not later than one year	20,235	24,887
Later than one year but not later than five years	48,283	42,826
Later than five years	65,307	71,070
	133,825	138,783

(b) Other Commitment

Mulpha Sepang Land Sdn Bhd ("MSL") holds a 65% interest in Seri Ehsan (Sepang) Sdn Bhd ("MPPNS") via Spanstead Sdn Bhd while the other 35% is held by Pertubuhan Peladang Negeri Selangor ("PPNS"). An agreement entered into between Sunrise Holdings Sdn Bhd and PPNS on 15 June 1994 was novated to MSL on 8 August 1997. The agreement provides for MSL to pay PPNS up to RM120 million less amount received and to be received by PPNS, if the development of Bandar Seri Ehsan ("BSE") is not completed by November 2019, or having been completed earlier than November 2019, the amount received by PPNS is less than the amount stipulated in the agreement and PPNS will transfer its 35% shareholding in MPPNS to MSL. The agreement also provides for MSL to pay PPNS a sum of RM35 million less amount received and to be received by PPNS, at a date not earlier than November 2014. The development of BSE commenced in November 1999 and as at 31 December 2010, an amount of RM22.5 million has been paid to PPNS pursuant to the agreement.

33. RELATED PARTY DISCLOSURES

(a) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Subsidiaries:				
- Management fee	-	-	2,379	276
- Interest income	-	-	11,146	7,148
Jointly-controlled entity:				
- Dividend income	41,835	-	-	-
- Interest expense	3,889	4,128	-	-
- Sale of land	26,820	-	-	-
Associates:				
- Rental income	389	383	-	-
- Dividend income	14,847	3,050	-	-
- Interest income	288	80	-	-
Non-controlling shareholders of a subsidiary:				
- Interest expense	481	603	-	-
Discontinued operations				
Associates:				
- Rendering of services	-	1,877	-	-
- Sale of products	-	7,929	-	-
- Interest income	-	184	-	-
- Royalty fee received	-	1,759	-	-

Related companies

These are subsidiaries, joint-ventures and associates of Mulpha International Bhd and its subsidiaries, excluding entities within the Group.

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 terms and conditions that are mutually agreed.

33. RELATED PARTY DISCLOSURES (CONTD.)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year was as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Short-term employee salaries and benefits	21,152	16,520	2,248	2,298
Post employment benefits:				
Defined contribution plan	1,907	1,511	267	276
Termination benefits	60	-	-	-
	23,119	18,031	2,515	2,574
Discontinued operations				
Short-term employee salaries and benefits	-	479	-	-

Remunerations of Executive Directors included in the key management personnel are disclosed in Notes 6(b) and 8(b).

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group and Company have carried all investment securities that are classified as held for trading or available-for-sale financial assets, at their fair value as required by FRS 139.

Financial instruments whose carrying amounts approximate fair values

Management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank and other borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group and of the Company's financial instruments that are carried in the financial statements at other than fair values as at 31 December.

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2010:				
Investments in subsidiaries	-	-	373,321	1,098,538
Investments in associates	1,124,845	1,288,243	22,013	22,399

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2009:				
Investments in subsidiaries	-	-	398,266	811,026
Investments in associates	981,790	1,248,363	22,013	23,143

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximately their fair values as mentioned earlier are as follows:

Financial assets and liabilities	*Methods and assumptions*
-Investments in subsidiaries and associates	Fair value is determined using discounted estimated cash flows and recoverable values of the assets held by the entities.

35. CAPITAL MANAGEMENT

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flows), foreign currency risk, liquidity risk and credit risk.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares or returning capital to shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 30% and 50%. The Group includes within net debt, loans and borrowings. Capital includes equity attributable to the owners of the parent.

		Group		Company	
		RM'000	RM'000	RM'000	RM'000
	Note				
Loans and borrowings	27	1,281,942	1,529,240	150	186,272
Equity attributable to the owners of the parent		2,820,631	2,192,147	1,548,759	1,212,466
Less: Capital reserves		(110,205)	(110,205)	(108,228)	(108,228)
		2,710,426	2,081,942	1,440,531	1,104,238
Capital and net debt		3,992,368	3,611,182	1,440,681	1,290,510
Gearing ratio		32%	42%	0%	14%

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The management reviews and agrees policies and procedures for the managing of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) 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 interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits or in short-term commercial papers.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the reporting period date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	WAEIR %	Within 1 Year RM'000	1 - 5 Years RM'000	Total RM'000
At 31 December 2010				
Group				
Cash and bank balances	3.2	373,434	-	373,434
Bank overdrafts	8.2	3,049	-	3,049
Bonds	8.8	2,886	266,727	269,613
Term loans	5.9	184,772	783,399	968,171
Finance lease and hire purchase payables	6.9	11,534	29,575	41,109
Company				
Cash and bank balances	2.8	99,754	-	99,754
Bank overdrafts	7.9	150	-	150

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Interest Rate Risk (Contd.)

	WAEIR %	Within 1 Year RM'000	1 - 5 Years RM'000	Total RM'000
At 31 December 2009				
Group				
Cash and bank balances	1.0	168,620	-	168,620
Bank overdrafts	7.3	3,182	-	3,182
Bills payable	4.4	900,723	-	900,723
Convertible notes	-	44,556	-	44,556
Revolving credit	4.1	46,200	-	46,200
Revolving loan	12.0	119,421	-	119,421
Bonds	8.2	2,564	114,963	117,527
Term loans	6.6	127,919	52,825	180,744
Islamic Debt Securities				
- Commercial Papers	3.3	50,000	-	50,000
- Medium Term Notes	6.1	20,000	-	20,000
Finance lease and hire purchase payables	7.1	15,950	30,937	46,887
Company				
Cash and bank balances	2.1	15,803	-	15,803
Bank overdrafts	7.5	1,472	-	1,472
Revolving credit	4.1	46,200	-	46,200
Islamic Debt Securities				
- Commercial Papers	3.3	50,000	-	50,000
- Medium Term Notes	6.1	20,000	-	20,000
Term loan	9.0	68,600	-	68,600

The Group's exposure to interest-rate risk arises from its bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2010, if interest rates at that date had been 50 basis points lower with all other variables held constant, the Group's profit net of tax would have been RM5.14 million higher, arising mainly as a result of lower interest expense on bank and other borrowings. If interest rate had been 50 basis points higher with all other variables held constant, the Group's profit net of tax would have been RM5.14 million lower, arising mainly as a result of higher interest expense on bank and other borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:-

At 31 December 2010

	Euro Dollar RM'000	Australian Dollar RM'000	US Dollar RM'000	Vietnamese Dong RM'000	Total RM'000
Functional currency of Group companies					
Trade receivables					
Hong Kong Dollar	-	-	213	341	554
Singapore Dollar	-	-	4	-	4
	-	-	217	341	558
Trade payables					
Hong Kong Dollar	136	-	952	-	1,088
Singapore Dollar	1,390	-	7,579	-	8,969
	1,526	-	8,531	-	10,057
Other payables					
Hong Kong Dollar	-	-	141	-	141
Bank borrowings					
Hong Kong Dollar	-	148,189	9,270	-	157,459
Short-term deposits					
Hong Kong Dollar	37	-	81,536	58	81,631
Vietnamese Dong	-	-	1,370	-	1,370
	37	-	82,906	58	83,001

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Foreign Currency Risk (Contd.)

At 31 December 2009

	Euro Dollar RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	US Dollar RM'000	Vietnamese Dong RM'000	Pound Sterling RM'000	Japanese Yen RM'000	Total RM'000
Functional currency of Group companies								
Trade receivables								
Hong Kong Dollar	4	-	-	374	136	-	-	514
Trade payables								
Hong Kong Dollar	461	-	-	43	-	2	-	506
Singapore Dollar	-	-	1,820	2,414	-	-	-	4,234
	461	-	1,820	2,457	-	2	-	4,740
Other payables								
Hong Kong Dollar	-	-	-	159	-	-	-	159
Bank borrowings								
Hong Kong Dollar	-	41,041	-	13,720	-	8,830	-	63,591
Other borrowings								
Australian Dollar	-	-	119,421	-	-	-	-	119,421
Ringgit Malaysia	-	-	-	68,600	-	-	-	68,600
	-	-	119,421	68,600	-	-	-	188,021
Short-term deposits								
Hong Kong Dollar	9	-	-	12,148	113	-	11	12,281
Vietnamese Dong	-	-	-	1,472	-	-	-	1,472
	9	-	-	13,620	113	-	11	13,753

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Foreign Currency Risk (Contd.)

The net unhedged financial assets of the Company that are not denominated in the functional currency of the Company are as follows:

Functional currency of the Company - Ringgit Malaysia	Singapore Dollar RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000
At 31 December 2010			
Amount due from subsidiaries	1,340	142,607	277,769
At 31 December 2009			
Amount due from subsidiaries	16,901	42,723	184,693

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the AUD, HKD, USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2010 RM'000
AUD/RM	-strengthened 5%	-2,322
	-weakened 5%	+2,322
HKD/RM	-strengthened 5%	-765
	-weakened 5%	+765
SGD/RM	-strengthened 5%	+572
	-weakened 5%	-572
USD/RM	-strengthened 5%	+1,363
	-weakened 5%	-1,363

(c) 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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(c) Liquidity Risk (Contd.)

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis via the Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Further information regarding trade and other receivables is disclosed in Note 20.

37. SIGNIFICANT EVENTS

(a) Renounceable two-call rights issue

On 25 March 2010, the Company had completed its rights issue exercise with the listing of 1,177,956,579 rights shares on the Main Market of Bursa Malaysia Securities Berhad.

The rights issue exercise had raised gross proceeds of RM471.183 million, which had been utilised as at 31 December 2010 in the following manner:-

Purpose		Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
					Amount	%	
		RM'000	RM'000		RM'000		
(i)	Defray estimated expenses relating to Rights Issue Excercise	1,000	1,431	April 2010	431	43.10%	See Note 1
(ii)	Repayment of bank borrowings of the Group	123,000	304,483	June 2010	181,483	>100%	See Notes 2 & 3
(iii)	Working capital of the Group	347,183	88,386	March 2012	N/A		

37. SIGNIFICANT EVENTS (CONTD.)

(a) Renounceable two-call rights issue (Contd.)

Note

1. Disbursement expenses exceeded estimated cost.

2. As announced by the Company on 26 March 2010 and 29 March 2010, in addition to the RM123 million of the rights issue proceeds earmarked for repayment of the Group bank borrowing, an additional amount of RM70 million was utilised to settle other borrowings of the Company resulting in an interest saving of approximately RM1.3 million per annum. The said RM70 million repayment was reallocated from the RM347.183 million of the rights issue proceeds earmarked for Group working capital. Accordingly the allocation for Group working capital is reduced to RM277.183 million.

3. The Company had on 30 April 2010 announced that an amount of RM111.483 million from the rights issue proceeds had been utilised to fully settle an overseas revolving loan of HKD270 million (equivalent to RM111.483 million) of a wholly-owned subsidiary of the Company. The said RM111.483 million was reallocated from the RM347.183 million of the rights issue proceeds earmarked for Group working capital. Accordingly the allocation for Group working capital is reduced to RM165.7 million.

(b) Listing of Manta Holdings Company Limited

On 9 April 2010, the Company ("Mulpha") announced that it had applied to The Stock Exchange Of Hong Kong Limited ("SEHK") to list the following group of companies on the Main Board of SEHK:-

(i) Manta Engineering And Equipment Company Limited ("Manta Engineering"), Manta Equipment Rental Company Limited ("Manta Rental") and Manta Equipment Services Limited ("Manta Services"). These companies were approximately 88% owned by Manta Far East Sdn Bhd ("Manta Far East"), approximately 12% owned by Pan Ocean International Limited ("Pan Ocean") and one (1) share owned by Mulpha Trading Sdn Bhd ("Mulpha Trading"). Manta Far East is a wholly-owned subsidiary of Mulpha Trading, which in turn is a wholly-owned subsidiary of Mulpha; and

(ii) Manta Equipment (S) Pte Ltd ("Manta Singapore"). Manta Singapore was 88% owned by Mulpha Trading and 12% owned by Pan Ocean.

An indirect wholly-owned subsidiary of Mulpha, Manta Holdings Company Limited ("MHCL"), will be the listed investment holding company to hold the shares in the above subsidiaries.

In conjunction with the listing, MHCL undertook a public issue of 50,000,000 new MHCL shares ("Issue Shares"), representing 25% of the enlarged issued and paid-up share capital of MHCL. 5,000,000 Issue Shares were made available for application by the public in Hong Kong through a balloting process and 45,000,000 Issue Shares were by way of placement to professional, institutional and other investors ("Public Issue").

Upon completion of the Public Issue, MHCL seek the listing of and quotation for its entire enlarged issued and paid-up share capital of HKD2,000,000 comprising of 200,000,000 MHCL Shares on the Main Board of SEHK.

MHCL was successfully listed on 19 July 2010.

37. SIGNIFICANT EVENTS (CONTD.)

(c) Par Value Reduction of Mulpha Land Berhad

On 10 May 2010, Mulpha Land Berhad ("MLB"), a subsidiary of the Company announced the following:

(i) a reduction of its issued and paid-up share capital via the cancellation of RM0.90 of the par value of each existing ordinary share of RM1.00 each in MLB ("Par Value Reduction"); and

(ii) amendments to MLB's Memorandum and Articles of Association to facilitate the Par Value Reduction ("M&A Amendments").

(collectively referred to as the "Proposals")

The credit arising from the Par Value Reduction were utilised to fully set-off against the accumulated losses of MLB and the remaining balance was credited to the capital reserve of MLB.

The market price of MLB shares have been trading below its par value of RM1.00 per share for some time which is not conducive for MLB to embark on any fund raising exercise and/or corporate exercises involving issuance of new shares. Accordingly, the Par Value Reduction provide MLB with greater flexibility to raise funds to implement future corporate proposals which entail issuance of new shares. In addition, the Par Value Reduction provides an opportunity for MLB to strengthen its financial position by eliminating the accumulated losses of MLB.

The M&A Amendments is to facilitate the implementation of the Par Value Reduction to reflect the new par value of the ordinary shares of MLB.

The Proposals were subject to the following approvals:-

(i) approval by MLB's shareholders at an Extraordinary General Meeting which was obtained on 16 June 2010; and
(ii) consent by the High Court of Malaya for the Par Value Reduction which was obtained on 23 July 2010.

Consequently, the Proposals have been successfully completed on 1 September 2010.

38. SUBSEQUENT EVENTS

(a) As disclosed in Note 8(a), the Company announced the disposal of the Hilton Melbourne Airport Hotel and its related assets and liabilities.

The aforementioned disposal was completed on 31 March 2011.

(b) Subsequent to the reporting date, Hayman Island Resort, a resort owned by a subsidiary in Australia, was impacted by 2 cyclones which caused significant damage to the resort (approximately AUD10 million to AUD20 million), which resulted in the resort being closed for several months. Management had held preliminary discussions with the insurers and have indicated the events are covered by the insurance (both physical damage and loss of profits), however, 2 deductible payments of AUD1 million each may be incurred for each event.

39. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group is organised into three main business segments in the Asia Pacific region as follows:

Property -	property development and investments.
Hospitality -	hotels and service apartments ownership and operation.
General Trading -	trading and rental of construction equipments.

Other operations of the Group mainly comprise investments in securities. None of the other operations are of sufficient size to be reported separately.

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the business segments. The Group operates in five main geographical areas in the Asia Pacific region:

Australia -	mainly property development and investments and hotels.
Hong Kong -	trading and rental of construction equipments and investments in securities.
Malaysia -	property development and investments.
Singapore -	trading and rental of construction equipments.
Vietnam -	service apartments ownership and operation.

(d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

39. SEGMENT INFORMATION (CONTD.)

(e) Business segments

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property		Hospitality		General Trading		Investment and Others		Manufacturing (Discontinued)		Adjustments and eliminations			Per consolidated financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	Note	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:															
External customers	256,235	160,880	476,862	431,302	57,517	79,571	3,861	121	-	80,692	-	(80,692)	(i)	794,475	671,874
Inter-segment	644	649	-	-	-	-	1,000	-	-	-	(1,644)	(649)	(ii)	-	-
Total revenue	256,879	161,529	476,862	431,302	57,517	79,571	4,861	121	-	80,692	(1,644)	(81,341)		794,475	671,874
Results:															
Impairment of non-financial assets	-	-	-	8,310	-	-	-	-	-	-	-	-		-	8,310
Reversal of impairment for non-financial assets	19,737	-	-	-	-	-	-	-	-	-	-	-		19,737	-
Gain on dilution of interest in an associate	-	-	-	-	-	-	29,784	-	-	-	-	-		29,784	-
Share of results of associates and joint-venture	67,931	(55,390)	-	-	-	-	49,871	34,535	-	11,700	-	(11,700)	(i)	117,802	(20,855)
Depreciation	15,870	12,975	39,977	33,936	10,603	9,794	1,953	1,902	-	3,371	-	(3,371)	(i)	68,403	58,607
Segment profit/(loss)	27,569	30,727	20,421	20,853	13,507	20,143	(9,886)	(17,202)	-	38,061	41,259	(137,058)	(iii)	92,870	(44,476)
Assets:															
Investment in associates and jointly-controlled entities	1,119,940	1,074,081	-	-	-	-	184,880	113,209	-	-	-	-		1,304,820	1,187,290
Additions to non-current assets	30,117	64,995	30,740	72,624	29,290	21,927	2,284	125	-	-	-	-	(iv)	92,431	159,671
Segment assets	1,346,498	1,375,539	1,306,776	1,276,824	259,985	192,786	435,826	77,786	-	-	(141,366)	39,238	(v)	3,207,719	2,962,173
Segment liabilities	622,468	666,829	686,706	427,165	160,948	164,305	705,164	191,446	-	-	(581,175)	459,437	(vi)	1,594,111	1,909,182

39. SEGMENT INFORMATION (CONTD.)

(f) Secondary reporting format - geographical segment

	Total revenue from external customers		Segment results		Segment assets		Additions to non-current assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations:								
Australia	635,297	506,683	(21,489)	(68,128)	1,992,500	1,921,967	60,330	132,697
Hong Kong	11,397	21,781	(28,514)	36,424	193,711	35,136	3,176	4,334
Malaysia	94,250	76,787	128,033	(28,263)	896,562	889,629	2,550	4,829
Singapore	45,760	57,791	12,364	12,329	101,600	84,912	26,116	17,600
Vietnam	7,771	8,832	2,476	3,162	23,346	30,529	259	211
	794,475	671,874	92,870	(44,476)	3,207,719	2,962,173	92,431	159,671

Notes

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

(i) Results from discontinued operations are eliminated on consolidation and presented under a separate line disclosure in income statement.

(ii) Inter-segment revenues and dividend incomes are eliminated on consolidation.

(iii) The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2010 RM'000	2009 RM'000
Profit from inter-segment sales	644	649
Share of results of associates and jointly-controlled entities	117,802	(20,855)
Unallocated corporate expenses	(77,187)	(154,913)
Segment results of discontinued operation	-	38,061
	41,259	(137,058)

(iv) Additions to non-current assets consist of property, plant and equipment (Note 10).

(v) The following items are (deducted)/added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010 RM'000	2009 RM'000
Tax recoverable	1,897	2,294
Inter-segment assets	(408,029)	(105,931)
Unallocated assets	264,766	142,875
	(141,366)	39,238

39. SEGMENT INFORMATION (CONTD.)

Notes (Contd.)

(vi) The following items are (deducted)/added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010 RM'000	2009 RM'000
Deferred tax liabilities	77,734	109,790
Income tax payable	8,756	8,775
Inter-segment liabilities	(1,643,700)	(1,029,180)
Unallocated liabilities	976,035	1,370,052
	(581,175)	459,437

40. PRIOR YEAR ADJUSTMENTS

Prior to year 2008, the Group's investment in FKP Property Group ("FKP") was held as trading investment and accounted for under the fair value model. Fair value changes arising were credited to the available-for-sale reserve ("AFS reserve") within other reserve. In 2008, FKP became an associate of the Group. However, the carrying amount of FKP was not adjusted to cost method, which is the policy adopted by the Group. The cumulative amount of AFS reserve of RM65,704,000 relating to the Group's investment in FKP is now restated as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
31 December 2009			
Investment in associates	1,047,494	(65,704)	981,790
Other Reserves	66,178	(65,704)	474
1 January 2009			
Investment in associates	716,544	(65,704)	650,840
Other Reserves	67,625	(65,704)	1,921

41. DETAILS OF SUBSIDIARIES

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiaries of Mulpha International Bhd				
+ Asian Fame Development Limited	Hong Kong	Investment holding	100.0	100.0
+ AF Investments Limited	Hong Kong	Investment holding	100.0	100.0
Ekspo Melaka Sdn Bhd	Malaysia	Property ownership and development	70.0	70.0
Leisure Farm Corporation Sdn Bhd	Malaysia	Property ownership and development	100.0	100.0
Menara Mulpha Sdn Bhd	Malaysia	Property ownership and development	100.0	100.0
Mulpha Land & Property Sdn Bhd	Malaysia	Project management and ownership, development and marketing of property	100.0	100.0
Mulpha Sepang Land Sdn Bhd	Malaysia	Investment holding	100.0	100.0
+ Mulpha Australia Limited	Australia	Investment holding	100.0	100.0
Mulpha Land Berhad	Malaysia	Investment holding, property investment and development	70.5	55.6
Mulpha Ventures Sdn Bhd	Malaysia	Trading in securities	100.0	100.0
Mulpha Capital Holdings Sdn Bhd	Malaysia	Investment holding	100.0	100.0
# Mulpha Hotels (Vietnam) Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Mulpha Trading Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Mulpha Far East Sdn Bhd	Malaysia	Management services	100.0	100.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiaries of Mulpha International Bhd (Contd.)				
Mulpha Infrastructure Holdings Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Trans Pelita Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Abad Teknik Sdn Bhd	Malaysia	Inactive	100.0	100.0
# Bukit Punchor Holdings Sdn Bhd	Malaysia	Inactive	100.0	100.0
# Mulpha Global Trade Sdn Bhd	Malaysia	Inactive	100.0	100.0
Rosetec Investments Limited	British Virgin Islands	Investment holding	100.0	100.0
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	100.0	100.0
Subsidiary of AF Investments Limited				
* Indochine Park Tower	Vietnam	Owner and operator of service apartments	70.0	70.0
Subsidiaries of Leisure Farm Corporation Sdn Bhd				
Leisure Farm Horticulture Services Sdn Bhd	Malaysia	Maintenance and upkeep of landscape environment services	100.0	100.0
Evergreen Homestead Sdn Bhd	Malaysia	Inactive	100.0	100.0
Leisure Farm Equestrian Sdn Bhd	Malaysia	Inactive	100.0	100.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiaries of Leisure Farm Corporation Sdn Bhd (Contd.)				
Leisure Farm Polo Club Berhad	Malaysia	Dormant	100.0	100.0
Subsidiaries of Mulpha Australia Limited				
+ Bimbadgen Estate Pty Limited	Australia	Winery & vineyard	100.0	100.0
+ Mulpha Aviation Australia Pty Ltd	Australia	Dormant	100.0	100.0
+ Mulpha Hotel (Sydney) Pty Limited	Australia	Property ownership	100.0	100.0
+ Mulpha Hotel (Melbourne) Pty Limited	Australia	Property ownership	100.0	100.0
+ Caldisc Pty Limited	Australia	Administration	100.0	100.0
+ Enacon Parking Pty Limited	Australia	Car park operator	100.0	100.0
+ HD Diesels Pty Limited	Australia	Investment holding	100.0	100.0
+ HD (Qld) Pty Limited	Australia	Investment holding	100.0	100.0
+ Mulpha Investments Pty Limited	Australia	Investment holding	100.0	100.0
+ Mulpha Sanctuary Cove Pty Limited	Australia	Investment holding	100.0	100.0
+ Mulpha Hotel Investments (Australia) Pty Limited	Australia	Investment holding	100.0	100.0
+ Mulpha Transport House Pty Limited	Australia	Property ownership	100.0	100.0
+ Mulpha Hotel Sydney Trust	Australia	Property ownership	100.0	100.0
+ Mulpha Hotel Melbourne Trust	Australia	Property ownership	100.0	100.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiary of Mulpha Investments Pty Limited				
+ Mulpha (SPV1) Pty Limited	Australia	Investment holding	100.0	100.0
Subsidiaries of Mulpha Sanctuary Cove Pty Limited				
+ Mulpha Sanctuary Cove (Developments) Pty Limited	Australia	Property ownership and development	100.0	100.0
+ Mulpha Sanctuary Cove (Management) Pty Limited	Australia	Property management	100.0	100.0
+ Sanctuary Cove (Real Estate) Pty Ltd	Australia	Real estate	100.0	100.0
+ Sanctuary Cove Golf and Country Club Holdings Limited	Australia	Investment holding and property ownership	32.3	100.0
+ SC No. 3 Holdings Pty Limited	Australia	Dormant	100.0	100.0
+ SC No. 4 Holdings Pty Limited	Australia	Dormant	100.0	100.0
+ SC No. 5 Holdings Pty Limited	Australia	Dormant	100.0	100.0
+ SC No. 6 Holdings Pty Limited	Australia	Dormant	100.0	100.0
+ Mulpha Hotel Management Pty Limited	Australia	Investment holding	100.0	100.0
Subsidiary of Sanctuary Cove Golf and Country Club Holdings Limited				
+ Sanctuary Cove Golf and Country Club Pty Limited	Australia	Operation of a club	32.3	100.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiaries of HD (Qld) Pty Limited				
+ HDFI Pty Limited	Australia	Finance company and investment holding	100.0	100.0
+ Tank Stream Brewing Company Pty Limited	Australia	Investment holding	100.0	100.0
Subsidiary of HD Diesels Pty Limited				
+ Salzburg Apartments (Perisher Valley) Pty Limited	Australia	Investment holding	100.0	100.0
Subsidiary of Tank Stream Brewing Company Pty Limited				
+ Real Ale Brewers Holdings Pty Limited	Australia	Investment holding	100.0	100.0
Subsidiaries of HDFI Pty Limited				
+ CapInvest Pty Limited	Australia	Investment holding	100.0	100.0
+ HDFI Nominees Pty Limited	Australia	Nominee services	100.0	100.0
Subsidiary of Real Ale Brewers Holdings Pty Limited				
+ Tank Stream Group Pty Limited	Australia	Investment holding	100.0	100.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiary of Tank Stream Group Pty Limited				
+ Tank Stream (Darling Harbour) Pty Limited	Australia	Inactive	100.0	100.0
Subsidiaries of Mulpha Hotel Investments (Australia) Pty Limited				
+ Mulpha Hotels Holdings Trust	Australia	Investment holding	100.0	100.0
+ Mulpha Hotels Holdings Pty Ltd	Australia	Trustee	100.0	100.0
Subsidiary of Mulpha Hotels Holdings Pty Ltd				
+ Mulpha Hotels Australia Pty Ltd	Australia	Investment holding	100.0	100.0
Subsidiary of Mulpha Hotels Holdings Trust				
+ Mulpha Hotels Australia Trust	Australia	Investment holding	100.0	100.0
Subsidiaries of Mulpha Hotels Australia Trust				
+ Mulpha Hotel Pty Limited	Australia	Hotelier	100.0	100.0
+ Mulpha Hotels Trust	Australia	Property ownership	100.0	100.0
Subsidiaries of Mulpha Hotels Trust				
+ Hotel Land Trust	Australia	Land ownership	100.0	100.0
+ Mulpha Hotel Bonds (Holdings) Pty Limited	Australia	Investment holding	100.0	100.0
+ Bistrita Pty Ltd	Australia	Trustee	100.0	100.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty Limited				
+ Mulpha Hotel Bonds Pty Limited	Australia	Bond holder	100.0	100.0
Subsidiaries of Mulpha Capital Holdings Sdn Bhd				
Mulpha Capital Markets Sdn Bhd	Malaysia	Provision of financial services	100.0	100.0
Mulpha Capital Partners Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Mulpha Capital Asset Management Sdn Bhd	Malaysia	Dormant	70.0	70.0
Subsidiary of Mulpha Capital Markets Sdn Bhd				
Mulpha Credit Sdn Bhd	Malaysia	Licensed money lender	100.0	100.0
Subsidiaries of Mulpha Trading Sdn Bhd				
+ Mulpha Strategic Limited	British Virgin Islands	Investment holding and funds management	100.0	100.0
Mulpha Properties (M) Sdn Bhd	Malaysia	Property ownership and management	100.0	100.0
Manta Far East Sdn Bhd	Malaysia	Investment holding	100.0	100.0
+ MIB Pte Ltd	Singapore	Marketing of property	100.0	100.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiary of Mulpha Strategic Limited				
+ Jumbo Hill Group Limited	British Virgin Islands	Investment holding	100.0	100.0
Subsidiary of Jumbo Hill Group Limited				
+ Manta Holdings Company Limited	Cayman Islands	Investment holding	75.0	-
Subsidiaries of Manta Holdings Company Limited				
+ Chief Strategy Limited	British Virgin Islands	Investment holding	75.0	-
+ Gold Lake Holdings Limited	British Virgin Islands	Investment holding	75.0	-
Subsidiaries of Chief Strategy Limited				
+ Manta Engineering & Equipment Company Limited	Hong Kong	Trading in construction machinery and spare parts	75.0	88.0
+ Manta Equipment Rental Company Limited	Hong Kong	Rental of construction machinery	75.0	88.0
+ Manta Equipment Services Limited	Hong Kong	Servicing of construction machinery	75.0	88.0
Subsidiary of Gold Lake Holdings Limited				
* Manta Equipment (S) Pte Ltd	Singapore	Trading and rental of construction machinery	75.0	88.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiaries of Manta Equipment Rental Company Limited				
+ Manta - Vietnam Construction Equipment Leasing Joint-Venture Company	Vietnam	Leasing of construction equipment	50.25	59.0
+ Manta Engineering & Equipment (Macau) Company Limited	Macau	Rental of construction equipment	75.0	88.0
Subsidiaries of Manta Equipment (S) Pte Ltd				
* Manta Services (S) Pte Ltd	Singapore	Provision of engineering services	75.0	88.0
* Manta Engineering Pte Ltd	Singapore	Dormant	75.0	88.0
Subsidiary of Manta Far East Sdn Bhd				
Manta Equipment (Malaysia) Sdn Bhd	Malaysia	Inactive	70.0	70.0
Subsidiary of Mulpha Sepang Land Sdn Bhd				
Spanstead Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Subsidiary of Spanstead Sdn Bhd				
Seri Ehsan (Sepang) Sdn Bhd	Malaysia	Property development	65.0	65.0
Subsidiary of Mulpha Hotels (Vietnam) Sdn Bhd				
@ Hotel Indochine (Hanoi)	Vietnam	Inactive	-	70.0

41. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2010 %	2009 %
Subsidiaries of Mulpha Land Berhad				
Bukit Punchor Development Sdn Bhd	Malaysia	Property ownership and development	49.4	38.9
Dynamic Unity Sdn Bhd	Malaysia	Investment holding	70.5	55.6
Indahview Sdn Bhd	Malaysia	Investment holding and property investment	70.5	55.6
MLB Quarry Sdn Bhd	Malaysia	Operation of quarry plant	42.3	33.3
Mulpha Argyle Property Sdn Bhd	Malaysia	Property development	36.0	28.3
& Asas Struktur Sdn Bhd	Malaysia	Inactive	36.0	28.3
& Pintar Citra Sdn Bhd	Malaysia	Inactive	70.5	55.6
Prudent Gain Sdn Bhd	Malaysia	Inactive	59.2	28.3
Prudent Design Sdn Bhd	Malaysia	Inactive	36.0	28.3
& Mega Pascal EC Sdn Bhd	Malaysia	Dormant	70.5	55.6
Subsidiary of Dynamic Unity Sdn Bhd				
Golden Cignet Sdn Bhd	Malaysia	Property development	70.5	55.6

* Subsidiaries audited by a member of Ernst & Young Global
\+ Subsidiaries not audited by Ernst & Young
@ Subsidiaries disposed off during the financial year
& Subsidiaries under members' winding up administration/deregistration
\# The name of Bukit Punchor Holdings Sdn Bhd has been changed to Atlantic Downstream Sdn Bhd during the financial year end
The name of Mulpha Hotels (Vietnam) Sdn Bhd has been changed to Benteng Horticulture Sdn Bhd during the financial year end
The name of Mulpha Global Trade Sdn Bhd has been changed to Pacific Upflow Sdn Bhd during the financial year end

42. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits 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 2010 RM'000	Company 2010 RM'000
Total (accumulated losses)/retained profits		
- realised	737,441	(311,847)
- unrealised	(34,461)	-
Total share of retained profits from associates		
- realised	107,193	-
- unrealised	2,048	-
- breakdown unavailable *	(115,498)	
Total share of retained profits from joint-ventures		
- realised	82,221	-
- unrealised	1,565	-
	780,509	(311,847)
Less: Consolidation adjustments	(153,379)	-
Total retained profits	627,130	(311,847)

* There is no separate disclosure shown between the realised and unrealised profit/losses components for the Group's associates, FKP Property Group and Rotol Singapore Ltd. The rationale being that such classification is not governed by the reporting requirements of the said associates.

ANALYSIS OF SHAREHOLDINGS
AS AT 3 MAY 2011

Authorised share capital	: 4,000,000,000 ordinary shares of 50 sen each.
Issued and fully paid-up share capital	: 2,355,913,158 ordinary shares of 50 sen each
Voting right	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	% of Shareholders	Number of Shares held	% of Issued Capital
1 – 99	708	2.10	22,826	-
100 – 1,000	5,269	15.64	4,955,642	0.21
1,001 – 10,000	18,518	54.98	91,537,851	3.91
10,001 – 100,000	8,135	24.16	258,253,480	11.04
100,001 – 117,006,511*	1,047	3.11	1,025,508,610	43.82
117,006,512 and above#	4	0.01	959,851,849	41.02
	33,681	100.00	2,340,130,258	@100.00

* Less than 5% of issued holdings
# 5% and above of issued holdings
@ Excludes Treasury shares of 15,782,900

No.	Name of Shareholders	Shareholding	Percentage
1.	HSBC Nominees (Asing) Sdn Bhd Nautical Investments Limited	477,380,000	20.40
2.	Magic Unicorn Limited	183,899,949	7.86
3.	AIBB Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Limited for Honest Opportunity Limited	151,357,100	6.47
4.	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	147,214,800	6.29
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An for the Bank of New York Mellon (Mellon)	115,736,000	4.95
6.	Cartaban Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Limited for Top Champ Assets Limited	91,935,000	3.93
7.	Klang Enterprise Sendirian Berhad	64,906,600	2.77
8.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Vista Power Sdn Bhd	64,638,333	2.76
9.	CIMSEC Nominees (Tempatan) Sdn Bhd Klang Enterprise Sdn Bhd for Yong Pit Chin	47,992,000	2.05
10.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	31,821,100	1.36
11.	Nautical Investments Limited	26,000,000	1.11
12.	Vista Power Sdn Bhd	25,363,700	1.08
13.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sew Hoey (Tan Siew Hoey)	20,112,900	0.86
14.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited	19,100,259	0.82
15.	Nautical Investments Limited	17,448,000	0.75
16.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Tecity Management Pte Ltd	17,400,000	0.74
17.	HDM Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian (Hong Kong) Limited	12,205,000	0.52

No.	Name of Shareholders	Shareholding	Percentage
18.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated	11,638,666	0.50
19.	Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Pontirep Investment Pte Ltd	8,500,000	0.36
20.	ECML Nominees (Asing) Sdn Bhd Boom Securities (HK) Ltd for Bader Lars Ernest	8,496,400	0.36
21.	Citigroup Nominees (Asing) Sdn Bhd UBS AG Hong Kong for Tecity Management Pte Ltd	8,074,200	0.35
22.	OSK Nominees (Asing) Sdn Berhad Pledged Securities Account for Lee Sui Hee	7,306,400	0.31
23.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd	5,503,196	0.24
24.	HSBC Nominees (Asing) Sdn Bhd Seb Lux for ABB Capital Selection Asian Smaller Companies Fund	4,813,200	0.21
25.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	4,805,700	0.21
26.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank NA, Singapore (Julius Baer)	4,476,900	0.19
27.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	4,462,300	0.19
28.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 2DCN for John Hancock Funds II Emerging Markets Fund	4,066,000	0.17
29.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Paramjit Singh Gill	4,000,000	0.17
30.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	3,669,600	0.16

SUBSTANTIAL SHAREHOLDERS

	< Direct	>	< Indirect	>
Name of shareholders	Shareholding	Percentage	Shareholding	Percentage
Nautical Investments Limited	520,828,000	22.26	-	-
Magic Unicorn Limited	183,899,949	7.86	-	-
Mountbatten Corporation	-	-	520,828,000	22.26
Mount Glory Investments Limited	-	-	704,727,949	30.12
Yong Pit Chin	48,153,000	2.06	771,634,549	32.97
Lee Seng Huang	-	-	819,787,549	35.03
Mackenzie Cundill Investment Management Ltd	156,544,100	6.69	-	-
Honest Opportunity Limited	151,357,100	6.47	-	-
The Goldman Sachs Group, Inc	-	-	147,214,800	6.29

SHAREHOLDING OF DIRECTORS

	< Direct	>	< Indirect	>
Name of Directors	Shareholding	Percentage	Shareholding	Percentage
Lee Seng Huang	-	-	819,787,549	35.03
Dato' Robert Chan Woot Khoon	50,000	-	-	-

PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2010

	Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area/ Built Up Area	Description	Net Book Value RM'000
1.	17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan	1983*	Leasehold	2060	49 years	8,072.96 sq m	Industrial land with office, warehouse and workshop	6,384
2.	Lot 679, 7, 8, 1141 and 1514, Mukim of Pulai and Tanjung Kupang, Johor	1991	Freehold	_	_	396.34 hectares	Land being used for a resort and recreation/ commercial development	305,058
3.	Mukim 7, Daerah Seberang Perai Selatan, Nibong Tebal, Pulau Pinang	1993 and 1994	Freehold	_	_	4.39 hectares	Land being used for residential, commercial and industrial development	20,480
4.	Lot 904, Jalan Damansara, Section 16, Petaling Jaya, Selangor	1995	Freehold	_	_	2.02 hectares	Land to be used for commercial development	62,706
5.	Lot 1182 and 1183 Jalan Sultan Ismail, Section 57, Kuala Lumpur	1995	Freehold	_	_	3,353.35 sq m	Land to be used for office building	42,985
6.	Lots No. PT5529, PT5527, PT4350 and PT2454, District of Melaka Tengah, Melaka	1996	Leasehold	2095	_	23.69 hectares	Land to be used for tourist/ commercial development	23,001
7.	Lot 1524 HS(D), 3059/95 Padang Meha, Kulim, Kedah	1996	Freehold	_	_	48.97 hectares	Land being used for residential and commercial development	31,451
8.	H.S.(D) 4614 No. P.T. 7019, Mukim of Tanjong Duabelas, District of Kuala Langat, State of Selangor	1997	Leasehold	2092	_	444.52 hectares	Land being used for residential and commercial development	91,222
9.	B1005 & B1003 Pusat Dagangan Phileo Damansara II, No. 15, Jln 16/11, Off Jalan Damansara, 46350 Petaling Jaya	1999	Freehold	_	11 years	465.6 sq m	Office lot	1,023
10.	Unit No. B045/C/1-2, 1st Floor, Block C, Sri Damansara Business Park, Bandar Sri Damansara, 52200 Kuala Lumpur	2001	Freehold	_	11 years	120 sq m	Office lot	332

	Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area/ Built Up Area	Description	Net Book Value RM'000
11.	Geran No. 10561, Lot 11279, Mukim Ampang, Wilayah Persekutuan	2001	Freehold	_	20 years	3,635 sq m	5 storey apartment	18,818
12.	Geran No. 116886/116887, Lot No. 42983/42984, Mukim Kapar, Klang	2001	Freehold	_	_	5.164 hectares	Land to be used for residential development	4,271
13.	PTD 86864 to 86867, Mukim Pulai, District of Johor Bahru Johor	2005	Freehold	_	_	5.106 acres	Vacant land	4,755
14.	HSD 7707-7710, Lots 40494-40497, Mukim Kuala Lumpur, Jalan Medang Tanduk, Bukit Bandaraya, 59100 Kuala Lumpur	2006	Freehold	_	_	1.54 acres	Land to be used for residential development	23,400
15.	Geran 23567, Lot No. 351/ Geran 12881, Lot No. 9992, Bandar dan Daerah Kuala Lumpur	2007	Freehold	_	_	3,977.82 sq m	Land to be used for residential development	16,612
16.	Geran 23566, Lot No. 350, Bandar dan Daerah, Kuala Lumpur	2007	Freehold	_	_	6,242 sq m	Land to be used for residential development	22,928
17.	2 Units of Apartments, Garden Court Village Home, Jalan Pendas 4, Gelang Patah, Johor Bahru	2007	_	_	_	3,288 sq ft	Apartment	441
18.	PT 59273, HS(D) 194925, Mukim Pulai, District of Johor Bahru	2008	_	_	_	5,171.80 sq m	Vacant land	794
19.	PTD 86863, HS(D) 308232, Mukim Pulai, District of Johor Bahru	2008	Freehold	_	_	1.558 acres	Vacant land	2,375
20.	No. 1 Le Quy Don, District 3, Ho Chi Minh City, Vietnam	1993	Leasehold	2024	12¼ years	9,517 sq m	Service apartment	18,850

PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2010

Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area/ Built Up Area	Description	Net Book Value RM'000
21. Unit H, 9th Floor, Valiant Industrial Centre, 2-12 Au Pui Wan Street, Fo Tan, Shatin, New Territories Hong Kong	2005*	Crown lease	2047	28 years	252 sq m	Warehouse	1,574
22. McDonalds Road, Palmers Lane, Pokolbin, Lower Hunter Valley, NSW, Australia	1996	Freehold	_	34 years	40.48 hectares	Winery and Vineyard	21,289
23. Perisher Valley, Snowy Mountains, NSW, Australia	1999*	Leasehold	2035	19 years	3,929 sq m	Apartments for rental	7,862
24. Cathedral Street Car Park, Cook & Phillip Parks, Sydney, NSW, Australia	1999	Leasehold	2025	11 years	2,700 sq m	Parking station	9,571
25. Sanctuary Cove, Gold Coast, Brisbane, Queensland, Australia	2002	Freehold	_	_	312.9 hectares	Integrated resort with hotel, golf courses, clubs, marina and residential developments	477,634
26. 99-113, Macquarie Street, Sydney, NSW, Australia	2004	Freehold	_	72 years	1,600 sq m	Commercial property	127,347
27. 117, Macquarie Street, Sydney, NSW, Australia	2004	Freehold	_	25 years	3,909 sq m	5 star hotel (509 rooms)	607,127
28. Hayman Island, Great Barrier Reef, Queensland, Australia	2004	Leasehold	Perpetuity	22 years	292.48 hectares	5 star island resort (244 rooms)	219,289
29. Melbourne Airport, Tullamarine, Victoria, Australia	2004	Leasehold	2047	9 years	6,630 sq m	5 star hotel (276 rooms)	96,127

*Year of last revaluation

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Mulpha International Bhd (19764-T)
Incorporated in Malaysia

PROXY FORM

No. of shares held	
CDS Account No.	

I/We ____

of ____

being a member/members of the abovenamed Company, hereby appoint ____

____

of ____

or failing him ____

of ____

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 27 June 2011 at 10.00 am and at any adjournment thereof at Holiday Villa, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan.

Resolutions	***For**	***Against**
(1) To adopt the audited financial statements		
To re-elect or re-appoint the following Directors: (2) Mr Law Chin Wat (3) Mr Kong Wah Sang (4) YB Dato' Robert Chan Woot Khoon (5) YB Dato' Lim Say Chong		
(6) To approve the payment of Directors' fees		
(7) To re-appoint Auditors		
(8) Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
(9) Proposed renewal of authority for the purchases by the Company of its own shares		

*Please indicate with (x) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand(s) this ____________ day of __________ 2011.

____
Signature(s) of shareholder/
joint shareholder

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The Instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
3. The Form of Proxy must be deposited at the Company's Registered Office at No. 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Fold this flap to seal

2nd fold here

Affix 60 cents
stamp here

The Company Secretary
MULPHA INTERNATIONAL BHD **(19764-T)**
Bangunan Mulpha, 17, Jalan Semangat,
46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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MULPHA INTERNATIONAL BHD (19764-T)

Bangunan Mulpha, 17, Jalan Semangat,
46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: (603) 7957 2233 **Fax:** (603) 7957 2234
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