KSL HOLDINGS BERHAD
(511433-P)

ANNUAL 2009 REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Dato' Haji Ishak Bin Ismail (Executive Chairman)
2. Khoo Cheng Hai @ Ku Cheng Hai (Group Managing Director)
3. Ku Hwa Seng (Executive Director)
4. Ku Tien Sek (Executive Director)
5. Lee Chye Tee (Executive Director)
6. Gow Kow (Independent Non-Executive Director)
7. Goh Tyau Soon (Independent Non-Executive Director)
8. Tey Ping Cheng (Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman

Gow Kow (Independent Non-Executive Director)

Members

1. Goh Tyau Soon (Independent Non-Executive Director)
2. Tey Ping Cheng (Independent Non-Executive Director)

COMPANY SECRETARY

Ng Yim Kong *(LS 0009297)*
c/o Strategy Corporate Secretariat Sdn. Bhd.
Unit 07-02, Level 7, Menara Luxor
6B Persiaran Tropicana, 47410 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7804 5929 / Fax: 03-7805 2559

REGISTERED OFFICE

Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap
85000 Segamat, Johor Darul Takzim
Tel: 07-931 1430 / Fax: 07-932 4888
E-mail: account@ksl.net.my
Website: http://www.ksl.net.my

AUDITORS

Ernst & Young *(AF: 0039)*
Chartered Accountants
Suite 11.2, Level 11, Menara Pelangi
2, Jalan Kuning, Taman Pelangi
80400 Johor Bahru, Johor Darul Takzim
Tel: 07-334 1740 / Fax: 07-334 1749
Website: http://www.ey.com

CORPORATE INFORMATION *(Cont'd)*

PRINCIPAL BANKERS

1. Malayan Banking Berhad (3813-K)
2. OCBC Bank (Malaysia) Berhad (295400-W)
3. RHB Bank Berhad (6171-M)

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000 / Fax: 03-7841 8008
Website: http://www.symphony.com.my

SOLICITORS

1. Tea, Kelvin Kang & Company
   Suite 8.1, Level 8, Menara Pelangi, Jalan Kuning, Taman Pelangi
   80400 Johor Bahru, Johor Darul Takzim
   Tel: 07-334 5481 / Fax: 07-334 5482

2. Lee Fook Leong & Co
   No. 29, 31 & 33, 1st Floor, (Peti Surat 95), Jalan Kekwa
   85007 Segamat, Johor Darul Takzim
   Tel: 07-931 3479 / Fax: 07-931 4 180

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad (635998-W)
Stock Name: KSL
Stock Code: 5038

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at VIP Hotel, Sunflower Hall, 1st Floor, 1st Mile, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim on Tuesday, 22 June 2010 at 12.00 noon for the following purposes:-

AGENDA

1) To receive the Audited Financial Statements for the year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon.

2) To approve the payment of the Directors' Fees for the year ended 31 December 2009. — Resolution 1

3) To approve a First and Final Dividend of 10% less 25% tax for the year ended 31 December 2009. — Resolution 2

4) To re-elect the following Directors who are retiring in accordance with Article 76 of the Company's Articles of Association:-

   a) Dato' Haji Ishak Bin Ismail — Resolution 3

   b) Mr. Ku Tien Sek — Resolution 4

   c) Mr. Lee Chye Tee — Resolution 5

5) To re-appoint Messrs. Ernst & Young, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration. — Resolution 6

6) **SPECIAL BUSINESS:-**

To consider and, if thought fit, pass with or without modifications, the following Resolutions:-

ORDINARY RESOLUTION 1 — Resolution 7
• AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities.**"**

ORDINARY RESOLUTION 2 — Resolution 8
• RENEWAL OF SHAREHOLDERS' APPROVAL FOR THE PROPOSED SHARE BUY-BACK

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the members of the Company at the Ninth Annual General Meeting of the Company held on 23 June 2009, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company for the time being ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through BMSB upon such terms and

NOTICE OF ANNUAL GENERAL MEETING *(Cont'd)*

conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits and share premium account of the Company as at 31 December 2009 of RM124,075,877 and RM5,064,456 respectively be allocated by the Company for the Proposed Share Buy-Back.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to cancel such shares or retain such shares as the treasury shares or a combination of both. The Directors are further authorised to resell the treasury shares on BMSB or distribute the treasury shares as dividends to the members of the Company or subsequently cancel the treasury shares or any combination of the three (3).

AND FURTHER THAT the Directors be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:-

a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

b) the expiration of the period within which the next AGM is required by law to be held; or

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

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities.**"**

SPECIAL RESOLUTION Resolution 9
• PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

"THAT the existing Article 130 in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:

Any dividend or other money payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or such person as the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited to the member's bank account at the risk of the person entitled to the money represented thereto. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends into the member's bank account.**"**

7) To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Dividend of 10% less 25% tax in respect of the year ended 31 December 2009 will be payable on 25 August 2010 to Depositors registered in the Record of Depositors at the close of business on 28 July 2010.

A Depositor shall qualify for entitlement only in respect of:-

a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 28 July 2010 in respect of ordinary transfers; and

b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board
KSL HOLDINGS BERHAD

NG YIM KONG (LS0009297)
Company Secretary

Date : 27 May 2010

Notes: -

- *A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his(her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- *Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he(she) specifies the proportions of his(her) holdings to be represented by each Proxy.*
- *The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
- *The instrument appointing a Proxy must be deposited at the registered office of the Company at Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim not less than forty-eight (48) hours before the time for the Meeting or any adjournment thereof.*

Explanatory Notes on Special Business:-

a) AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Resolution 7 under item 6 of the agenda above, if passed, will empower the Directors of the Company, from the date of the Tenth Annual General Meeting, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid up capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

This Mandate is a renewal of the last mandate granted to the Directors' at the Ninth Annual General Meeting held on 23 June 2009 which will lapse at the conclusion of the Tenth Annual General Meeting.

As at the date of this Notice, 35,100,000 new ordinary shares of RM0.50 representing approximately 10% of the existing issued and paid-up capital of the Company were issued on 10 March 2010 by way of a private placement and listed on the Bursa Securities on 12 March 2010 pursuant to the last mandate obtained on 23 June 2009. The proceeds from the private placement amounting to RM41.42 million would be utilised for working capital of the Company and its subsidiaries which includes but is not limited to operating expenses and other expenditures to improve the operations of KSL Group's business activities.

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but is not limited to further placement of shares, for the purpose of funding future investment, working capital and/or acquisition or to issue new shares as consideration for investments and/or acquisition which the Directors consider would be in the best interest of the Company.

b) RENEWAL OF SHAREHOLDERS' APPROVAL FOR THE PROPOSED SHARE BUY-BACK

The proposed Resolution 8 under item 6 of the agenda above is to renew the members' approval for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad.

Members are requested to refer to the Share Buy-Back Statement laid out in pages 85 to 90 of this Annual Report for additional information.

c) PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

The proposed Resolution 9 under item 6 of the agenda above is to amend Article 130 of the Company's Articles of Association in line with the amendment to the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the implementation of eDividend.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in Agenda 4 (Dato' Haji Ishak Bin Ismail, Mr. Ku Tien Sek and Mr. Lee Chye Tee) of the Notice of the Tenth Annual General Meeting are laid out in pages 13 to 15 of this Annual Report.

GROUP CORPORATE STRUCTURE

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of KSL HOLDINGS BERHAD GROUP ("Group") for the financial year ended 31 December 2009.

FINANCIAL HIGHLIGHTS

KSL Holdings Berhad ("the Company" or "KSLH") recorded a Group consolidated turnover and profit before tax of RM186.2 million and RM115.2 million respectively for the financial year ended 31 December 2009. This represents a decrease of 14% and 7% over the results achieved in the previous financial year respectively. Your Group's decrease in turnover is mainly attributable to the decrease in sales of properties as a consequence of the global economic slowdown.

Your Group's balance sheet as at 31 December 2009 remained strong with shareholders' funds and total assets of RM729.7 million and RM963.0 million respectively. Net assets per share soared by 12.4% to RM2.08 per share as compared to RM1.85 per share as at 31 December 2008.

DIVIDENDS

Your Board is pleased to recommend a First and Final Dividend of 10% less 25% tax for the financial year ended 31 December 2009 for shareholders' approval at the forthcoming Tenth Annual General Meeting of KSLH. Your Board is of the view that the recommended dividend provides an adequate balance between rewarding its investors with appropriate return and retaining sufficient profits to sustain future growth.

PRIVATE PLACEMENT OF 35,100,000 NEW SHARES

Pursuant to the authority given to the directors of your Company in last Annual General Meeting (AGM) on 23 June 2009 to allot and issue shares under S132D of the Companies Act, 1965 at any time until the conclusion of this coming AGM up to an amount not exceeding in total 10% of the issued capital of your Company for such purposes as your Directors consider would be in the best interest of the Company. During the period, your Board has undertaken a private placement exercise to issue 35,100,000 ordinary shares of RM0.50 each at a private placement price of RM1.18 per new ordinary share payable in full on application. The exercise was completed and the new shares were successfully quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 March 2010. Total proceeds raised from the Private Placement exercise amounting to RM41.42 million would be utilised for working capital purposes.

ECONOMY OUTLOOK AND PROSPECTS OF PROPERTY MARKET

The Malaysian economy in 2009 registered a contraction of 1.7% compared to a growth of 4.6% in 2008. The contraction was mainly due to the deterioration in external demand which had a significant impact on employment, income and overall business consumer sentiments.

Despite the contraction in economy in 2009, the recently released Annual Report of Bank Negara Malaysia expects the Malaysian economy in 2010 to grow by 4.5% - 5.5%, underpinned by strengthening domestic demand and an improving external environment. Growth is expected to be driven by greater private sector activity and robust external demand from the regional countries. The underlying strong fundamentals, the healthy private sector financial position and a strong financial system, will provide support for a private sector-led recovery. Additionally, the supportive monetary environment, including continued access to financing will foster recovery in private sector activity.
(Source: The 2009 Bank Negara Malaysia Annual Report)

CHAIRMAN'S STATEMENT *(Cont'd)*

ECONOMY OUTLOOK AND PROSPECTS OF PROPERTY MARKET *(Cont'd)*

Prospect of property market especially the residential sub-sector is set to be slower in year 2009. Nevertheless, the government will continue to provide housing facilities to ensure that the *rakyat* are able to afford and reside in comfortable homes. In line with the objective to promote house ownership and enhance the quality of life, the Government will launch a scheme that enables EPF contributors to utilize current and future savings in Account 2. This will enable them to obtain higher financing to purchase higher value or additional houses. This scheme aims to increase the purchasing power of EPF contributors. The scheme will be launched in January 2010. The scheme is expected to support the industry. In addition, measures effected since the last budget year, such as the 50 percent stamp duty exemption on loan agreement for medium cost houses of up to RM250,000, lengthening of tenure of new government housing loans from 25 years to 30 years, increment of Housing Credit Guarantee Scheme to RM100 million, provision of housing loan facility for renovation works on houses not purchased through government housing loan, and extension of housing loan insurance panel to all eligible insurance companies are expected to support the industry.
(Source: The 2010 Budget announced on 23 October 2009)

LAND BANK

As at 31 December 2009, the Group has approximately 2,100 acres of land held for current and future development which are strategically located in the District of Johor Bahru, Batu Pahat, Kluang, Segamat, Muar and Mersing. Approximately 68% of the land bank is located in the Iskandar Development Region and Klang Valley. Most of these properties are available for immediate development as they have been granted approval for subdivision.

REVIEW OF THE GROUP DEVELOPMENT ACTIVITIES

Despite the global financial downturn in financial year 2009, the Group made the decision to forge ahead with new launches on its existing projects. During the year, the Group has five (5) major on-going projects on stream in the District of Johor Bahru and Muar which comprise mixed development of commercial and residential properties. The projects are Taman Nusa Bestari, Taman Bestari Indah, Taman Kempas Indah, Maharani Riviera and KSL City.

1. **TAMAN NUSA BESTARI**

   Taman Nusa Bestari comprising two (2) parcels of freehold lands measuring approximately 227 acres. The lands are located along Jalan Sungai Danga and both sides of the Second Link Highway from Johor Bahru to Singapore. The lands geographically lie about 14 kilometres due north-west of Johor Bahru city centre and enjoy a good road access provided by the Second Link Highway and Jalan Sungai Danga. The development project comprises over 2,000 units of mixed development with estimated sales value of approximately RM1.0 billion. Taman Nusa Bestari is envisaged to spread over a period of four (4) to five (5) years. As at 31 December 2009, about 47% of the land has been developed and completed.

2. **TAMAN BESTARI INDAH**

   Taman Bestari Indah has over 10,000 units of properties with gross sales value of over RM2.1 billion, to spread over a period of eight (8) to ten (10) years. This township covering an estimated area of over 700 acres is located at about 19 kilometres north of Johor Bahru city centre and about 4 kilometres west of Ulu Tiram town. It is strategically positioned to benefit from the proposed expansion along Johor Bahru's eastern growth corridor. At present, the Project is under active construction and is in various stages of completion. As at 31 December 2009, about 31% of the land has been developed and completed.

3. **TAMAN KEMPAS INDAH**

   Taman Kempas Indah is located at about 18 kilometres north of Johor Bahru city centre and is strategically situated along the North-South Highway, Jalan Maju Jaya and adjacent to north-east of the Kempas Interchange. The new township covering an estimated area of 237 acres comprises over 1,500 units of properties with estimated sales value of over RM1.0 billion to spread over a period of four (4) to five (5) years. As at 31 December 2009, about 26% of the land has been developed and completed.

CHAIRMAN'S STATEMENT *(Cont'd)*

REVIEW OF THE GROUP DEVELOPMENT ACTIVITIES *(Cont'd)*

4. MAHARANI RIVIERA

Maharani Riviera, a new township planned in Muar, was duly approved by the relevant authorities in 2006. It is located immediately after the Sultan Ismail Bridge (Muar Bridge) from the Muar town centre and at the waterfront of Sungai Muar and Straits of Malacca respectively. It lies approximately 1 kilometre from Muar Centre. The lands enjoy good road access provided by Jalan Kesang. The project covering an estimated area of 188 acres comprises over 1,400 units of properties with estimated sales value of over RM800 million which development would spread over a period of four (4) to five (5) years. As at 31 December 2009, about 10% of the land has been developed and completed.

5. KSL CITY

Despite a difficult year, the Group's maiden integrated commercial complex, KSL City, has proved to be a success. KSL City comprises a commercial podium which consists of retail shops, departmental store, cinemas, car parks, hotels and condominiums podium. It is well located in the heart of Johor Bahru city centre and is only five (5) minutes drive away from Johor Bahru town district and Johor Bahru new Custom, Immigration and Quarantine (CIQ) to Singapore. The project continued its development throughout year 2009. The luxury condominiums, D'Esplanade Residence, were successfully launched in 2008 and the take-up rate is very encouraging.

LOOKING AHEAD

The coming year is still full of challenges following from the uncertainties of the global economic slowdown. However, your Board strongly believes that with the support of various measures and policies introduced and implemented by the Government, the demand for properties will be encouraging and will further improve the economic outlook. The past bold liberalisation measures of the Government have improved the overall business climate over the last few years. With relatively higher margin, efficient planning and tight cost control, we are confident of a good performance by your Group and look forward to a promising and profitable year ahead.

APPRECIATION

On behalf of your Board, I would like to extend our appreciation and thanks to you, our valued shareholders, investors, customers, business associates and the regulatory authorities for your continued trust, support and confidence in the Group. I would also like to convey your Board's heartfelt gratitude to the management and staff for their commitment, untiring efforts and also their continuous work dedicated towards the advancement of the Group.

Last but not least, my sincere thanks to the members of the Board for their invaluable insight, guidance and wise counsel.

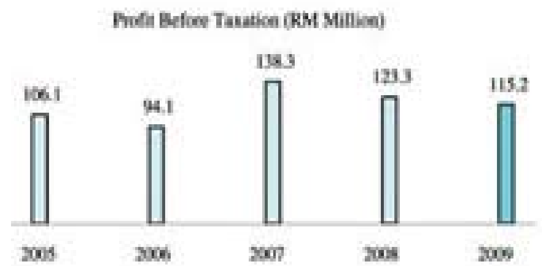
Thank you.

DATO' HAJI ISHAK BIN ISMAIL
Executive Chairman

FIVE-YEAR FINANCIAL HIGHLIGHTS
YEAR ENDED 31 DECEMBER

	2005	2006	2007	2008	2009
(RM Million)					
Revenue	274.9	266.2	277.4	216.2	**186.2**
Profit Before Taxation	106.1	94.1	138.3	123.3	**115.2**
Shareholders' Funds	442.3	488.7	585.9	653.1	**729.7**
(Sen per share)					
Basic Earnings Per Share	21.51**	19.03**	33.29	25.67	**26.01**
Dividend Per Share - Gross	11.00	12.00	8.00	5.00	**5.00**

**** Adjusted for Bonus Issue of 1 for 3**



DIRECTORS' PROFILE

DATO' HAJI ISHAK BIN ISMAIL

Executive Chairman

Dato' Haji Ishak Bin Ismail, aged 58, Malaysian, was appointed to the Board on 19 November 2001 as the Executive Chairman. He graduated in 1975 from the John Moore University, Liverpool, United Kingdom ("UK") with a Bachelor of Science degree, majoring in Building Surveying. He is a Chartered Surveyor by profession and was a State Assemblyman of Lenggeng, Negeri Sembilan for the past few years. He has been a Professional Associate of the Royal Institution of Chartered Surveyors (Building Surveying), UK since 1978, and also became the Professional Associate of the Institution of Quantity Surveyors, UK and the Professional Associate of the Association of Rating and Valuation, UK since 1981. Since the year 1980, he has been a member of the Institution of Surveyors Malaysia and also a fellow of the Royal Institution of Chartered Surveyors (Building Surveying, Valuation and Quantity Surveying), UK since 1988.

He started his career in 1976 when he worked at the Malaysia Building Society Berhad ("MBSB") as a Valuation Officer at its head office in Kuala Lumpur. The following year in 1977, he was promoted to Technical Manager for the States of Negeri Sembilan, Melaka and Johor. In 1984, he became the Southern Regional Manager, overseeing the operations of Peninsular Malaysia. In 1988, he was promoted to Director of Property Division. After fourteen (14) years with MBSB, he left to set up a construction company, Jaya Haricon Sdn Bhd, of which he is the Chairman. He has been the head of UMNO Division, Seremban since 1988. He also sits on the board of Yayasan Sungei Ujong.

Dato' Haji Ishak Bin Ismail does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

KHOO CHENG HAI @ KU CHENG HAI

Group Managing Director
Members of Remuneration Committee

Khoo Cheng Hai @ Ku Cheng Hai, aged 58, Malaysian, is the founder of the KSL Holdings Berhad ("KSLH" or "the Company") Group. He was appointed to the Board on 19 November 2001 as the Group Managing Director.

He is the driving force behind the KSLH Group's development, growth and expansion. He is known for his prudence, foresight and business acumen, which has helped to see the KSLH Group through two (2) recessions in the last twenty-eight (28) years. With his vast experience, he is responsible for the KSLH Group's business development and day-to-day operations of the KSLH Group. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

He is deemed to have certain conflict of interest with the Company by virtue of his interest in certain privately owned companies, which are also involved in property development business. However, these privately owned companies are not in direct competition with the business of the Company.

Khoo Cheng Hai @ Ku Cheng Hai is the brother to Ku Hwa Seng, Ku Tien Sek and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

DIRECTORS' PROFILE *(Cont'd)*

KU HWA SENG

Executive Director

Ku Hwa Seng, aged 54, Malaysian, was appointed to the Board on 19 November 2001 as an Executive Director. He joined the KSLH Group in 1981 and has since gained vast invaluable experience and built a strong business network over the past twenty-eight (28) years in the property development industry. Presently, he is involved in the KSLH Group's business development and operations in south Johor. He oversees the day-to-day management, decision-making and operations of Johor Bahru office. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

He is deemed to have certain conflict of interest with the Company by virtue of his interest in certain privately owned companies, which are also involved in property development business. However, these privately owned companies are not in direct competition with the business of the Company.

Ku Hwa Seng is the brother to Khoo Cheng Hai @ Ku Cheng Hai, Ku Tien Sek and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

KU TIEN SEK

Executive Director

Ku Tien Sek, aged 52, Malaysian, was appointed to the Board on 19 November 2001 as an Executive Director. He has been involved in the management of the KSLH Group since 1981 particularly in KSLH Group's public relations as well as the formulation of the KSLH Group's strategic plans and policies. Presently, he is involved in the KSLH Group's business development and operations in south Johor especially Taman Bestari Indah. He is also responsible for the development of the KSLH Group's future expansion plans, particularly in the Klang Valley. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

He is deemed to have certain conflict of interest with the Company by virtue of his interest in certain privately owned companies, which are also involved in property development business. However, these privately owned companies are not in direct competition with the business of the Company.

Ku Tien Sek is the brother to Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

LEE CHYE TEE

Executive Director

Lee Chye Tee, aged 46, Malaysian, was appointed to the Board on 1 December 2003 as Executive Director of the Company. He is a fellow member of the Chartered Association of Certified Accountants. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He has many years experience in accounting, auditing, taxation and management consultancy. He is presently responsible for the overall accounting and corporate finance functions of the KSLH Group.

Lee Chye Tee does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

DIRECTORS' PROFILE *(Cont'd)*

GOW KOW

Independent Non-Executive Director
Chairman of Audit Committee
Members of Nomination Committee and Remuneration Committee

Gow Kow, aged 56, Malaysian, was appointed to the Board on 19 November 2001 as an Independent Non-Executive Director. He is fellow member of the Association of Chartered Certified Accountants and the Malaysian Institute of Taxation. He is also a member of the Malaysian Institute of Accountants, the Institute of Certified Public Accountants of Singapore and the Institute of Chartered Secretaries and Administrators. He joined Tan Choon Chye & Co (now known as Gow & Tan), a Public Accounting Firm in August 1978 as an Audit Assistant and had been holding various positions in the firm before he was admitted as an Audit Partner in October 1985. He assumed the position of managing partner of the firm since January 1988. He has more than twenty-seven (27) years of public practice experience. His working exposures include accounting, auditing, taxation, liquidation and management consultancy.

Gow Kow does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

GOH TYAU SOON

Independent Non-Executive Director
Chairman of Nomination Committee
Members of Audit Committee and Remuneration Committee

Goh Tyau Soon, aged 65, Malaysian, was appointed to the Board on 1 April 2002 as an Independent Non-Executive Director. He holds a Master of Law degree (LLM) from Kings College, University of London; Bachelor of Law (LLB) from Hull University and Barrister-at-Law (Middle Temple). He is a practicing lawyer and Principal Partner of Andrew T.S. Goh & Khairil, Malacca. He has been in private practice for more than thirty-eight (38) years principally engaged in conveyance and bank work.

Goh Tyau Soon does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

TEY PING CHENG

Independent Non-Executive Director
Chairman of Remuneration Committee
Members of Audit Committee and Nomination Committee

Tey Ping Cheng, aged 41, Malaysian, was appointed to the Board on 15 April 2002 as an Independent Non-Executive Director. He is a member of the Malaysian Institute of Accountants and the CPA Australia. He graduated in 1994 with a degree in Bachelor of Business, majoring in Accounting from Curtin University of Technology, Perth, Australia. He has been a Partner of Tey Consultancy, a company secretarial and tax consultancy firm since 1992. Currently, he is the Council Member of Malaysian Association of Company Secretaries.

Tey Ping Cheng is currently the Independent Director of Lii Hen Industries Bhd. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

KSLH is traditionally a company that grew up from the small town of Segamat. We are closed to our roots and understand very well our social responsibility towards the community in which we operate in and at large.

Corporate social responsibility is nothing new to us. It is ingrained in our corporate decisions and operations. Our Group's policy has always been to construct quality and affordable houses for the community to buy and own. Over the years, our Group has helped hundreds and thousands of people to have their own houses. We will continue to strive to provide affordable opportunities to people to have their own shelters over their heads which is also in line with the Government's desire to see more home ownerships.

During the year under review, our Group had also made contributions in kinds and/or in cash to various organisations to help them to further their objectives and causes in charity, arts, culture, education, health and welfare. It is our Group's belief that it must return to the community what it has benefited.

In our Group, corporate social responsibility is not only a statement. It is our way of life!

CORPORATE GOVERNANCE STATEMENT

The Malaysian Code on Corporate Governance ("the Code"), which was effective in March 2000, set out the basic principles and best practices of corporate governance over the structures and processes that companies may use as a guide in their operations towards achieving the optimal governance framework.

The Board of Directors of KSLH is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities. Good corporate governance will protect and enhance the long-term value of the Company for the benefit of shareholders and other stakeholders.

The Board of Directors is, therefore, pleased to report that the Company has complied with the major principles set out in Part 1 of the Code. Set out below is a statement which explains how the Company has applied the Best Practices as set out in Part 2 of the Code.

(A) THE BOARD OF DIRECTORS

(1) BOARD BALANCE

The Board currently has five (5) Executive Directors and three (3) Independent Non-Executive Directors and is therefore, in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") which stipulates that at least one-third (1/3) of the Board comprises Independent Directors. The Board having reviewed its size and composition is satisfied that its current size and composition is effective for the proper functioning of the Board. Together, the Directors would bring a wide range of business and financial experience relevant to the Company and forming an effective Board for decision-making process. The brief profiles of the Board members are set out in pages 13 to 15 of this Annual Report.

The roles of the Chairman and Group Managing Director are separated to ensure a balance of power and authority. There is also balance in the Board memberships because of the presence of Independent Non-Executive Directors who are of a high calibre and credibility, and who have the necessary skill and experience to carry sufficient weight in Board decisions. The Independent Directors as defined under Paragraph 1.01 of BMSB's Listing Requirements are independent of management and are free from any business or other relationships that could interfere with the exercise of their independent judgment or the ability to act in the best interests of the Company. The roles of Independent Directors are particularly important in bringing an independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Independent Directors led by Mr. Gow Kow provide a macro, independent and balanced assessment of proposals from the Executive Directors.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. During the year ended 31 December 2009, five (5) Board meetings were held with due notice of issues to be discussed and conclusions in discharging its duties and responsibilities properly recorded. The detailed attendance record of each Director during the financial year under review is as follows:-

NAME OF DIRECTORS	ATTENDANCE
Dato' Haji Ishak Bin Ismail	4/5
Khoo Cheng Hai @ Ku Cheng Hai	5/5
Ku Hwa Seng	5/5
Ku Tien Sek	5/5
Lee Chye Tee	5/5
Gow Kow	5/5
Goh Tyau Soon	5/5
Tey Ping Cheng	5/5

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(2) APPOINTMENTS TO THE BOARD

The Company had set up the Nomination Committee on 11 April 2002 to provide a formal and transparent procedure for the appointment of new Directors to the Board. All the members of the Nomination Committee are Independent Non-Executive Directors. The members of Nomination Committee comprise the following:-

1. Goh Tyau Soon *(Chairman)*
2. Gow Kow
3. Tey Ping Cheng

The Nomination Committee shall be primarily responsible for identifying and recommending to the Board new candidates to be filled by the shareholders or by the Board and also recommending Directors to fill the seats on Board committees.

The Board, through the Nomination Committee, assesses the effectiveness of the Board as a whole, the committees of the Board and the contributions of each Director on an ongoing basis. The Board also annually reviews the required mix of skills, experiences and other qualities including core competencies, which Non-Independent Directors should bring to the Board. The Company Secretary assists the Board in ensuring that all appointments are properly made and all necessary information is obtained from Directors, for the purposes of meeting statutory obligations and other regulatory requirements.

During the financial year under review, the Nomination Committee had reviewed the Board effectiveness, its size and structure.

(3) RE-ELECTION OF THE DIRECTORS

In accordance with the Company's Articles of Association, one-third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office at least once in each three (3) years but shall be eligible for re-election. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Details of the Directors who submit themselves for re-election this year may be found in pages 7, 13 and 15 of this Annual Report.

(4) SUPPLY OF INFORMATION

All Board members are supplied with information on a timely manner. Board papers are circulated to the Directors prior to the Board meetings to enable the Directors to obtain further information and explanation, where necessary, in order to be briefed properly before the meetings.

The Board papers provide, amongst others, the followings:-

1. the quarterly report highlighting unaudited Group financial results and factors affecting the Group results;
2. minutes of meetings of the Board and all committees of the Board;
3. details of performance of the various business units and management proposals that required Board's approval;
4. list of Directors' circular resolutions passed during the period covered;
5. list of Directors' dealings in securities during the period covered;
6. list of announcements submitted to BMSB during the period covered; and
7. major operational and financial issues.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(4) SUPPLY OF INFORMATION *(Cont'd)*

All Directors have full access to the information within the Company and are entitled to obtain full disclosure of facts from the management and advice or services from the Company Secretary or independent professional adviser at the Company's expenses in carrying out their duties. This ensures that all the matters that are put forward to the Board for decision making will be discussed and examined in an impartial manner, taking into account the long term interests of shareholders, employees, suppliers and other public in which the Group conducts its business.

(5) DIRECTORS' REMUNERATION

The Remuneration Committee had been set up for the purpose of establishing a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and to structure the component parts of remuneration so as to link rewards to corporate and individual performance of the Board of Directors. All the Remuneration Committee's members are Independent Non-Executive Directors except for Khoo Cheng Hai @ Ku Cheng Hai who is the Group Managing Director of the Company. The Remuneration Committee comprises the following Directors:-

1. Tey Ping Cheng *(Chairman)*
2. Gow Kow
3. Goh Tyau Soon
4. Khoo Cheng Hai @ Ku Cheng Hai

The Remuneration Committee of the Company is primarily responsible for recommending the following for the Board's consideration:-

1. the framework of remuneration and the remuneration packages for Executive Directors;
2. any performance related pay schemes for Executive Directors; and
3. the guidelines for determining the remuneration of Non-Executive Directors.

During the financial year under review, the Remuneration Committee had at its meeting deliberated on Executive Directors' remuneration. The level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully.

It is the ultimate responsibility of the entire Board to approve the remuneration of the Board of Directors. The Board will ensure that the Directors' remuneration scheme is linked to their performance, service, seniority, experience and scope of responsibilities. The Directors concerned shall abstain from discussion of their own remuneration. The Board also reimburses any reasonable expenses incurred by these Directors in the course of discharge their duties as Directors.

The details of remuneration paid to Directors, in aggregation and analysed into bands of RM50,000 during the financial year ended 31 December 2009 are as follow:-

Remuneration	**Executive Directors RM '000**	**Non-Executive Directors RM '000**
Directors' Fees	-	90
Salaries	2,093	-
Allowances	207	18
Bonuses	562	-
Total	2,862	108

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(5) DIRECTORS' REMUNERATION *(Cont'd)*

Number of Directors whose remuneration falls into the following bands:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM100,001 to RM150,000	1	-
RM200,001 to RM250,000	1	-
RM750,001 to RM800,000	2	-
RM950,001 to RM1,000,000	1	-
Total	5	3

The disclosure of Directors' remuneration is made in accordance with the BMSB's Listing Requirements. However, it represents a deviation from the Best Practices of the Code which require details of remuneration awarded to each Director. The Board of Directors is of the opinion that separate disclosure will infringe upon the Directors' rights of privacy.

(6) DIRECTORS' TRAINING

The Directors have participated in conferences, seminars and training programmes to keep abreast with inter-alia financial sector issues and challenges, and the current and future developments in the global financial market. The Directors may also request to attend additional training courses according to their individual needs to equip themselves for the discharge of their responsibilities as directors of a public listed company and in the Board Committees in which they serve.

The Directors of the Company had attended briefing given by the Company Secretary pertaining to the amendments to Listing Requirements of BMSB in connection with the Revised Code on Corporate Governance during the financial year under review. In addition to that, the following Directors had attended the conferences, seminars and training programmes as mentioned below:-

1. **Lee Chye Tee**
   - Fundamental Approach to Accounting for Financial Instruments — 16 Sep 2009
   - National Seminar on Taxation 2009 — 03 Nov 2009
   - Corporate Governance Guide — 24 Nov 2009

2. **Gow Kow**
   - Audit Committee Institute Roundtable discussion titled: Economic Downturn and Risk Oversight: Reassessing Risk in the Wake of Market Turmoil — 04 Aug 2009
   - Withholding Tax & Cross Border Transactions — 15 Sep 2009
   - New Framework for Listings and Equity Fund-Raisings for Main and ACE Market — 29 Oct 2009
   - National Seminar on Taxation 2009 — 29 Oct 2009
   - Corporate Governance Guide — 24 Nov 2009

3. **Tey Ping Cheng**
   - Practical Implications on New Public Rulings — 22 Apr 2009
   - Latest Development on Transfer Pricing in Malaysia & 2009 Mini Budget — 10 Jun 2009
   - National Tax Conference 2009 — 4 -5 Aug 2009
   - Company Law & Practice — 13 Oct 2009
   - 2010 Budget Seminar Highlights & Implications — 30 Oct 2009
   - National Seminar on Taxation 2009 — 03 Nov 2009
   - Corporate Governance Guide — 24 Nov 2009

4. **Dato' Haji Ishak Bin Ismail**
   - Corporate Governance Guide — 24 Nov 2009

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(6) DIRECTORS' TRAINING *(Cont'd)*

5. **Khoo Cheng Hai@ Ku Cheng Hai**
   - Corporate Governance Guide — 24 Nov 2009

6. **Ku Hwa Seng**
   - Corporate Governance Guide — 24 Nov 2009

7. **Ku Tien Sek**
   - Corporate Governance Guide — 24 Nov 2009

8. **Goh Tyau Soon**
   - Corporate Governance Guide — 24 Nov 2009

(B) ACCOUNTABILITY AND AUDIT

(1) FINANCIAL REPORTING

The Board aims to provide and present a balanced and meaningful assessment of the Company's financial performance and prospects from the quarterly announcement and at the end of the financial year, primarily through financial statements and the Chairman's Statement in the Annual Report. This also applies to other price-sensitive public reports and reports to regulators.

(2) STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board of Directors is required under Paragraph 15.26(a) of BMSB's Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual financial statements. The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year, which have been made out in accordance with the approved accounting standards and to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year.

The Directors are responsible for keeping proper accounting records, which are disclosed with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In preparing these financial statements, the Directors have:-

1. selected appropriate accounting policies and applied them consistently;

2. made judgements and estimates that are reasonable and prudent;

3. ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

4. prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operational existence for the foreseeable future.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(3) INTERNAL CONTROL

The Directors are also responsible for taking such steps that are reasonable to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board acknowledges its overall responsibility to maintain a sound system of internal controls to safeguard the Group's assets and consequently the shareholders' investment in the Company. However, it should be noted that, by its nature and its design, the system of internal controls is to manage rather than to eliminate risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against fraud, misstatement or loss.

The Board has reviewed the current system to ensure its effectiveness and to work towards complying with the guidelines issued by the relevant authorities.

The Group's Statement on Internal Control may be found on pages 24 to 25 of this Annual Report.

(4) RELATIONSHIP WITH AUDITORS

The Board via the Audit Committee, maintains a formal and transparent professional relationship with the Group's auditors, both internal and external in seeking their professional advice and ensuring compliance with accounting standards and statutory requirements.

The Company's independent external Auditors fill an essential role for the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements. The external Auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the management; and if necessary, to the Audit Committee and the Board. This includes the communication of fraud.

During the financial year under review, the Group's external Auditors were invited and attended all the Audit Committee meetings and most of the Board meetings.

The Internal Auditors of the Group are independent with unrestricted access to information and rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that the internal audit function forms an integral part of an effective system of corporate governance. Thus the Internal Auditors' impartiality, integrity and objectivity are greatly respected and being reciprocated by their professionalism in conducting audits of the Company.

The role of the Audit Committee in relation to the external Auditors and the number of meetings held during the financial year as well as the attendance record of each member are shown in the Audit Committee Report and may be found on pages 26 to 30 of this Annual Report.

(C) SHAREHOLDERS

INVESTORS' RELATIONS AND SHAREHOLDERS' COMMUNICATION

The Board believes that investors and shareholders should be informed of all material business matters, which influence the Company. In view of this, the Group has established a direct line of communication through timely release of information on the Group's performance and major developments via appropriate channels of communication. In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders with an up to date overview of the Group's performance and operations. At the Annual General Meeting, the Board also provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

Members of the Board as well as the Auditors of the Company are present to answer questions raised at the Annual General Meeting. Where appropriate, the Chairman of the Board will provide a written answer to any significant question that may not be readily answered on the spot.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(D) OTHERS

(1) MATERIAL CONTRACTS

During the financial year under review, there were no material contracts, including those related to loans, entered into by the Company and/or subsidiary companies, which involved Directors' and substantial shareholders' interests.

(2) SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

(3) REVALUATION POLICY OF LANDED PROPERTIES

The Group did not adopt any revaluation policy on the landed properties held for developments.

(4) AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year under review, the Company did not sponsor any ADR or GDR programme.

(5) PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year under review.

(6) OPTIONS OR CONVERTIBLE SECURITIES

No options or convertible securities were issued during the financial year under review.

(7) NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year under review by the external Auditors and their affiliated company was RM79,900.

(8) RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions entered into by the Group during the financial year under review are disclosed in Note 30 to the Financial Statements on page 75 of this Annual Report.

(9) SHARE BUY-BACK

During the financial year under review, the Company had bought back its shares during the months of June 2009 and July 2009. The total shares bought-back by the Company amounted to RM1,317,952.49 for 1,181,000 ordinary shares with an average price of RM1.116 per share.

Monthly Breakdown	No. of Shares Purchased and Retained As Treasury Shares	Purchase Price Per Share (RM)		Average Cost Purchase (RM)	Total Cost (RM)
		Lowest	Highest		
June 2009	1,066,000	0.99	1.23	1.124	1,198,434.02
July 2009	115,000	1.02	1.06	1.039	119,518.47
Total	**1,181,000**	**0.99**	**1.23**	**1.116**	**1,317,952.49**

(10) VARIATION OF RESULTS

There was no material variance between the results for the financial year ended 31 December 2009 and the unaudited results previously announced by the Company.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The BMSB's Listing Requirements require directors of listed companies to include a statement of the state of their internal controls in the annual reports. The BMSB's Statement on Internal Control: Guidance for Directors of Public Listed Companies provides guidance for compliance with these requirements.

Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Guidance.

THE BOARD'S RESPONSIBILITY

The Board of Directors recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. These systems of internal control are utilized to mitigate as much of the principal risks as possible in achieving the corporate objectives or goals of the Group. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board shall endeavor to continue to improving and enhancing the Group's existing system of internal control pertaining to the identified risks, with the anticipation of changing business environment due to changes in technologies and regulatory requirements etc.

RISK MANAGEMENT FRAMEWORK

The Risk Management Framework set out the Group's underlying approach to risk management such as identification, analysis, evaluation and prioritization of risks. It also set out risk management and monitoring process of the Group. The Board with the assistance of the internal audit team regularly reviews the framework to ensure its adequacy and effectiveness, in line with changes in its business environment, strategies and activities. The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period.

Results of the ongoing reviews of the Internal Audit Function are reported regularly to the audit committee. The work of the Internal Audit function is focused on area of priorities as identified by risk analysis and is in accordance with an annual audit plan approved by the Audit Committee. The Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement on the state of the internal control system, and report back to the Board.

Some internal control weaknesses were identified during the financial period under review, all of which have been or are being addressed by the management. None of these weaknesses have resulted in any material loss that would require disclosure in the Group's financial statements. The Internal Audit team has highlighted to the executive and operational management on areas of improvement, provided recommendations and subsequently reviewed the extent to which their recommendations have been implemented.

STATEMENT ON INTERNAL CONTROL *(Cont'd)*

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of Internal control are described as follows:-

1. in considering business proposal and operational matters, the management evaluates risks involved and obtains advice from experts, if necessary, in order to make effective decision in the best interest of the Group.

2. full board meetings are held quarterly. Schedule of matters are set and brought to discussion, ensuring that the Board maintains supervision over appropriate controls. Detailed explanation is given on pertinent issues. Thorough deliberation and discussion by the Board is demanded before reaching any conclusion.

3. the Group maintains a simple yet clearly-defined organizational structure with distinguishable operating, management and senior management level. The organizational structure streamlines reporting processes and encourages responsive actions by facilitating information flow vertically and horizontally across the Group.

4. delegation of authority also serves as a reference tool for the identification and verification of transactions that requires proper approval.

5. the job descriptions of employees enable the employees to understand what needs to be achieved within their scope of responsibilities. Employees' knowledge, skills and abilities are further enhanced through continuing education, training and development activities, which enable them to operate and monitor the system of internal control effectively.

6. every development cycle is under absolute supervision from both the managerial personnel and operational employees. Both spending and progress are closely monitored throughout the project life cycle via project financial reports, progress status reports and project meetings.

7. comprehensive computerized financial system enables the production of timely, reliable and relevant management reports for the purposes of resources allocation decision making.

8. internal control systems in place are subject to regular review and amendment, whenever necessary, to respond to emerging changes in the environment the Group operates. The systems ensure that reports are timely, relevant and reliable for decision making and review purposes. These reports cover both quantitative and qualitative areas.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The terms of reference of the Audit Committee are set out on pages 28 to 30 of this Annual Report.

MEMBERSHIP AND MEETINGS

The Audit Committee comprises three (3) Independent Non-Executive Directors with Mr. Gow Kow as the Chairman. During the financial year ended 31 December 2009, the Audit Committee held five (5) meetings. Other Executive Directors attended the meetings upon invitation by the Chairman of the Audit Committee, when necessary. The Group's external Auditors attended all the meetings. Details on the attendance record of the Audit Committee members at the Audit Committee Meetings are set out as follow:-

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

	ATTENDANCE
Gow Kow Chairman (Independent Non-Executive Director)	5/5
Goh Tyau Soon (Independent Non-Executive Director)	5/5
Tey Ping Cheng (Independent Non-Executive Director)	5/5

SUMMARY OF ACTIVITIES

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year under review in discharging its functions:-

1. reviewing and recommending the Group's unaudited quarterly financial results for the Board's approval;
2. reviewing the audited financial statements before recommending for the Board's approval;
3. reviewing with the external Auditors their scope of work, audit strategy and audit plan. Prior to the audit, representative from external Auditors presented the audit strategy and plan;
4. reviewing the evaluation of the system of internal accounting and control, the audit report and the assistance given by the Company's employees to the external Auditors;
5. reviewing Internal Audit Plan for the financial year to ensure adequate coverage over activities and time period;
6. reviewing the related party transactions to ensure that these were not detrimental to the Company and its minority shareholders;
7. reviewing the auditors' remuneration to ensure its adequateness and fairness;
8. reviewing the Internal Audit reports on findings and recommendations and management's responses thereto to ensure adequate remedial actions have been taken; and
9. meeting with the external Auditors.

AUDIT COMMITTEE REPORT *(Cont'd)*

INTERNAL AUDIT FUNCTIONS

The Group does not have its own internal audit department and the internal audit functions were outsourced to assist the Audit Committee in discharging its duties and responsibilities.

The Internal Auditor adopts a risk-based approach focusing its work mainly on key processes and principal risk areas of the operating units, in accordance with the internal audit plan approved by the Audit Committee. The Internal Auditor undertakes regular and systematic reviews of the system of internal controls and processes so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The Internal Auditor provides the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the operating units with established policies and procedures.

The fees paid to the internal audit firm for the financial year ended 31 December 2009 was RM25,000.

For the current financial year, internal audit works were principally focused on the Group's operations in Segamat Branch and Skudai Branch, in the following areas:-

(a) reviewing the adequacy of Group's policies and procedures with regards to sales, billings, collections and payments process;

(b) ascertaining the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds;

(c) recommending improvements to the existing systems of controls;

(d) identifying opportunities to improve the operations and processes in the Company and the Group;

(e) reviewing and appraising the soundness, adequacy and application of accounting, bank reconciliation and taxation;

(f) appraising the reliability and usefulness of information developed within the Company and the Group for management;

(g) ascertaining the extent of compliance with established policies and procedures on human resource including evaluation of contractors; and

(h) assessing the adequacy of the Company's existing control procedures on project management and material control.

AUDIT COMMITTEE REPORT *(Cont'd)*

TERMS OF REFERENCE OF AUDIT COMMITTEE

OBJECTIVES

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Group.

In addition, the Audit Committee shall:-

1. oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
2. maintain open lines of communication between the Board of Directors, the internal auditor and the external auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities; and
3. determine the adequacy of the Group's administrative, operating and accounting controls.

COMPOSITION

The Board of Directors shall appoint the Audit Committee members from amongst the Directors of the Company. The Audit Committee shall comprise not less than three (3) members of whom:-

1. all must be Non-Executive Directors, with a majority of them being Independent Directors;
2. at least one (1) member of the Audit Committee:-
   a) must be a member of the Malaysian Institute of Accountants;
   b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
      - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      - he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("BMSB");
3. no Alternate Director shall be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

QUORUM

The quorum of the Audit Committee shall be two (2) of whom the majority of members present shall be Independent Directors.

AUDIT COMMITTEE REPORT *(Cont'd)*

TERMS OF REFERENCE OF AUDIT COMMITTEE *(Cont'd)*

ATTENDANCE AND MEETINGS

Apart from the members of the Audit Committee who will be present at the meetings, the Audit Committee may invite any member of the management, employees, other Directors and representatives of the external auditors to be present at meetings of the Audit Committee.

The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the Audit Committee if, a request is made by any Audit Committee member, the Company's Managing Director, or the internal or external auditors.

SECRETARY

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

FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Audit Committee shall include the following:-

1. to review with the external auditors their audit plan, their evaluation of the system of internal accounting and controls and their audit report;
2. to review the assistance given by the Company's employees to the external auditors;
3. to review the adequacy of the scope, function, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
4. to review the financial condition of the Group, its internal controls and audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by the management and whether or not appropriate action is taken on the recommendations of the internal audit function;
5. to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    a) changes in or implementation of major accounting policy changes;
    b) significant and unusual events; and
    c) compliance with accounting standards and other legal requirements;
6. to review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
7. to review and report the same to the Board of Directors any letter of resignation from the external auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
8. to make recommendations concerning the appointment of the external auditors and their remuneration to the Board of Directors;
9. such other functions as may be agreed to by the Audit Committee and the Board of Directors; and
10. meeting with external auditors at least twice a year.

The Board of Directors shall table the reports of the Audit Committee and the external and internal auditors and corrective actions taken for discussion.

AUDIT COMMITTEE REPORT *(Cont'd)*

TERMS OF REFERENCE OF AUDIT COMMITTEE *(Cont'd)*

MINUTES

Minutes of each Audit Committee meeting are to be prepared and sent to its members. The Secretary shall also circulate the minutes of the meetings of the Audit Committee to all members of the Board of Directors.

RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for its performance of its duties and in accordance with a procedure to be determined by the Board of Directors and at the Company's cost:-

1. have authority to investigate any matter within its terms of reference;
2. have the resources, which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5. be able to obtain independent professional or other advice; and
6. be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT

The Audit Committee shall ensure that an Audit Committee Report which is prepared at the end of each financial year complies with the following:-

1. the Audit Committee Report shall be clearly set out in the annual report of the Company;
2. the Audit Committee Report shall include the following:-
    a) the composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
    b) the terms of reference of the Audit Committee;
    c) the number of Audit Committee meetings held during the financial year and details of attendance of each member;
    d) a summary of activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company; and
    e) a summary of the activities of the internal audit function or activity.

REPORTING OF BREACHES TO BMSB

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of BMSB's Listing Requirements, the Audit Committee shall promptly report such matter to BMSB.

FINANCIAL STATEMENTS

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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 2009.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are property development, property management and property investment.

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

RESULTS

	Group RM	Company RM
Net profit for the year	91,388,185	2,172,273

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the fair value adjustments of investment properties as disclosed in Note 15 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2009 were as follows :

	RM
In respect of the financial year ended 31 December 2008 as reported in the directors' report of that year:	
Final dividend of 10% less 25% taxation, on 351,306,087 ordinary shares, paid on 18 September 2009	13,173,978

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009 of 10% less 25% taxation will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

DIRECTORS

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

Dato' Haji Ishak Bin Ismail
Khoo Cheng Hai @ Ku Cheng Hai
Ku Hwa Seng
Ku Tien Sek
Gow Kow
Goh Tyau Soon
Tey Ping Cheng
Lee Chye Tee

DIRECTORS' REPORT *(Cont'd)*

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of 50 sen each			
	1.1.2009	**Acquired**	**Sold**	**31.12.2009**
Holding in the name of director, spouse or child				
Direct interest				
Dato' Haji Ishak Bin Ismail	2,680,000	-	-	2,680,000
Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	-	-	18,184,667
Ku Hwa Seng	17,265,752	-	-	17,265,752
Ku Tien Sek	12,186,926	-	-	12,186,926
Indirect interest *				
Khoo Cheng Hai @ Ku Cheng Hai	1,466,666	-	-	1,466,666
Lee Chye Tee	133,333	-	-	133,333
Deemed interest				
Khoo Cheng Hai @ Ku Cheng Hai	144,800,000	-	-	144,800,000
Ku Hwa Seng	144,800,000	-	-	144,800,000
Ku Tien Sek	144,800,000	-	-	144,800,000

* It represents the interests of spouse and child of the directors of the Company in shares of the Company under Section 134(12)(c) of the Companies (Amendment) Act 2007.

By virtue of their interests in shares of the Company, the following directors are deemed interested in shares of all the subsidiary companies to the extent that the Company has an interest :

Khoo Cheng Hai @ Ku Cheng Hai
Ku Hwa Seng
Ku Tien Sek

The other directors in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT *(Cont'd)*

TREASURY SHARES

During the financial year, the Company repurchased 1,181,000 of its issued ordinary shares from the open market at an average price of RM1.12 per share. The total consideration paid for the repurchase including transaction costs was RM1,317,953. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares had no right to voting, dividends and participation in other distribution.

As at 31 December 2009, the Company held a total of 4,141,400 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM4,383,725 and further details are disclosed in Note 24 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and no provision for doubtful debts was necessary; 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 had been written down to an amount which they might be expected so to realise.

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

   (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

   (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

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

DIRECTORS' REPORT *(Cont'd)*

OTHER STATUTORY INFORMATION *(Cont'd)*

(f) In the opinion of the directors: *(cont'd)*

(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.

SUBSEQUENT EVENTS

Details of the subsequent events are disclosed in Note 34 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 26 April 2010.

Khoo Cheng Hai @ Ku Cheng Hai

Lee Chye Tee

STATEMENT BY DIRECTORS

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

We, Khoo Cheng Hai @ Ku Cheng Hai and Lee Chye Tee, being two of the directors of KSL Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 39 to 80 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2010.

Khoo Cheng Hai @ Ku Cheng Hai

Lee Chye Tee

STATUTORY DECLARATION

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

I, Lee Chye Tee, being the director primarily responsible for the financial management of KSL Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 80 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 Lee Chye Tee)
at Segamat in the State of Johor)
Darul Ta'zim on 26 April 2010)

Lee Chye Tee

Before me,
Commissioner of Oath
Hj. Mohd. Daim Bin Supangat (PIS. PLP.)
No. J153

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of KSL Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 80.

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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the 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 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD *(Cont'd)*
(Incorporated in Malaysia)

Report on other legal and regulatory requirements *(Cont'd)*

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

Other matters

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

Wun Mow Sang
1821/12/10(J)
Chartered Accountant

Johor Bahru, Malaysia
Date : 26 April 2010

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue	3	186,179,438	216,243,793	4,410,000	4,446,000
Cost of sales	4	(92,841,431)	(119,134,537)	-	-
Gross profit		93,338,007	97,109,256	4,410,000	4,446,000
Other income	5	50,766,352	47,877,776	-	-
Administrative expenses		(19,235,701)	(16,778,378)	(1,471,254)	(1,511,529)
Distribution expenses		(7,094,208)	(4,334,091)	(4,356)	-
Other expenses		(71,346)	(202,862)	-	-
Operating profit		117,703,104	123,671,701	2,934,390	2,934,471
Finance costs	6	(2,457,344)	(328,057)	(3,009)	(3,474)
Profit before tax	7	115,245,760	123,343,644	2,931,381	2,930,997
Income tax expense	10	(23,857,575)	(32,842,672)	(759,108)	(814,277)
Net profit for the year		91,388,185	90,500,972	2,172,273	2,116,720
Earnings per share attributable to equity holders of the Company (sen):					
Basic/Diluted, for net profit for the year	11	26.01	25.67		

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

BALANCE SHEETS
AS AT 31 DECEMBER 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	96,880,260	65,431,100	4,163	6,947
Land held for property development	14(a)	388,761,036	272,482,808	-	-
Investment properties	15	198,691,372	70,392,000	-	-
Intangible assets	16	-	-	-	-
Investments in subsidiaries	17	-	-	83,648,955	83,648,955
		684,332,668	408,305,908	83,653,118	83,655,902
Current assets					
Property development costs	14(b)	136,090,781	136,522,585	-	-
Inventories	18	63,081,102	76,573,380	-	-
Trade and other receivables	19	61,644,403	89,561,579	244,330,959	246,048,401
Cash and bank balances	20	17,849,974	30,352,778	36,006	88,497
		278,666,260	333,010,322	244,366,965	246,136,898
TOTAL ASSETS		962,998,928	741,316,230	328,020,083	329,792,800
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	177,723,744	177,723,744	177,723,744	177,723,744
Share premium	24	5,064,456	5,064,456	5,064,456	5,064,456
Treasury shares	24	(4,383,725)	(3,065,772)	(4,383,725)	(3,065,772)
Revaluation reserve	25	20,126,351	21,172,427	-	-
Retained earnings	26	531,199,211	452,174,877	124,075,877	135,077,582
Total equity		729,730,037	653,069,732	302,480,352	314,800,010
Non-current liabilities					
Borrowings	21	116,855,260	6,935,000	-	-
Deferred tax liabilities	23	23,267,481	18,146,889	-	-
		140,122,741	25,081,889	-	-
Current liabilities					
Borrowings	21	20,250,000	4,225,857	-	-
Trade and other payables	22	66,274,752	52,181,551	25,537,681	14,992,730
Current tax payable		6,621,398	6,757,201	2,050	60
		93,146,150	63,164,609	25,539,731	14,992,790
Total liabilities		233,268,891	88,246,498	25,539,731	14,992,790
TOTAL EQUITY AND LIABILITIES		962,998,928	741,316,230	328,020,083	329,792,800

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

			<——— Non-Distributable		———>	Distributable	
	Note	Share capital (Note 24) RM	Share premium (Note 24) RM	Treasury shares (Note 24) RM	Revaluation reserve (Note 25) RM	Retained earnings (Note 26) RM	Total Equity RM
At 1 January 2008		177,723,744	5,064,456	(215,258)	22,405,823	380,970,050	585,948,815
Revaluation surplus realised		-	-	-	(1,571,090)	1,571,090	-
Reversal of deferred tax arising from change in tax rate		-	-	-	337,694	-	337,694
Net income recognised directly in equity		-	-	-	(1,233,396)	1,571,090	337,694
Net profit for the year		-	-	-	-	90,500,972	90,500,972
Total recognised income and expense for the year		-	-	-	(1,233,396)	92,072,062	90,838,666
Dividends	12	-	-	-	-	(20,867,235)	(20,867,235)
Purchase of treasury shares	24	-	-	(2,850,514)	-	-	(2,850,514)
At 31 December 2008		177,723,744	5,064,456	(3,065,772)	21,172,427	452,174,877	653,069,732
At 1 January 2009		177,723,744	5,064,456	(3,065,772)	21,172,427	452,174,877	653,069,732
Revaluation surplus realised		-	-	-	(810,127)	810,127	-
Overprovision of deferred tax in prior years		-	-	-	(38,895)	-	(38,895)
Impairment loss		-	-	-	(262,735)	-	(262,735)
Reversal of deferred tax arising from impairment loss		-	-	-	65,681	-	65,681
Net income recognised directly in equity		-	-	-	(1,046,076)	810,127	(235,949)
Net profit for the year		-	-	-	-	91,388,185	91,388,185
Total recognised income and expense for the year		-	-	-	(1,046,076)	92,198,312	91,152,236
Dividends	12	-	-	-	-	(13,173,978)	(13,173,978)
Purchase of treasury shares	24	-	-	(1,317,953)	-	-	(1,317,953)
At 31 December 2009		177,723,744	5,064,456	(4,383,725)	20,126,351	531,199,211	729,730,037

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Share capital (Note 24) RM	<—— Non-Distributable ——> Share premium (Note 24) RM	Treasury shares (Note 24) RM	Distributable Retained earnings (Note 26) RM	Total Equity RM
At 1 January 2008		177,723,744	5,064,456	(215,258)	153,828,097	336,401,039
Net profit for the year, representing total recognised income and expense for the year		-	-	-	2,116,720	2,116,720
Dividends	12	-	-	-	(20,867,235)	(20,867,235)
Purchase of treasury shares	24	-	-	(2,850,514)	-	(2,850,514)
At 31 December 2008		177,723,744	5,064,456	(3,065,772)	135,077,582	314,800,010
At 1 January 2009		177,723,744	5,064,456	(3,065,772)	135,077,582	314,800,010
Net profit for the year, representing total recognised income and expense for the year		-	-	-	2,172,273	2,172,273
Dividends	12	-	-	-	(13,173,978)	(13,173,978)
Purchase of treasury shares	24	-	-	(1,317,953)	-	(1,317,953)
At 31 December 2009		177,723,744	5,064,456	(4,383,725)	124,075,877	302,480,352

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		115,245,760	123,343,644	2,931,381	2,930,997
Adjustments for :					
Interest income	5	(950,871)	(1,364,513)	-	-
Interest expense	6	2,255,389	139,637	-	-
Depreciation of property, plant and equipment	7	1,512,919	1,182,428	2,784	2,785
Amortisation of intangible assets	7	-	117,481	-	-
Development expenditure written off	7	-	197,542	-	-
Fair value adjustments of investment properties	7	(44,288,911)	(44,108,533)	-	-
Intangible assets written off	7	-	926	-	-
Property, plant and equipment written off	7	723	26,294	-	-
Provision for foreseeable losses	7	-	135,553	-	-
Gain on disposal of property, plant and equipment	7	-	(4,432)	-	-
Gain on disposal of land		(38,958)	(98,106)	-	-
Gain arising from compulsory acquisition		(1,538,267)	(257,334)	-	-
Operating profit before working capital changes		72,197,784	79,310,587	2,934,165	2,933,782
Increase in property development costs		(96,412,284)	(27,759,303)	-	-
Decrease in inventories		114,075,524	68,284,030	-	-
Decrease/(Increase) in trade and other receivables		28,252,267	(17,442,634)	12,267,094	23,446,420
Increase/(Decrease) in trade and other payables		14,093,201	(16,634,535)	(4,700)	(86,820)
Cash generated from operations		132,206,492	85,758,145	15,196,559	26,293,382
Interest paid		(2,628,200)	(832,908)	-	-
Taxes paid		(19,181,091)	(20,588,827)	(757,119)	(814,792)
Net cash generated from operating activities		110,397,201	64,336,410	14,439,440	25,478,590

CASH FLOW STATEMENTS *(cont'd)*
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Development expenditure on land held for property development		(122,114,236)	(4,254,671)	-	-
Development expenditure on investment properties		(60,334,761)	-	-	-
Purchase of property, plant and equipment		(56,473,703)	(28,742,563)	-	-
Purchase of intangible assets		-	(4,552)	-	-
Proceeds from disposal of property, plant and equipment		16,000	40,699	-	-
Acquisition of subsidiaries		-	-	-	(1,000,002)
Additional investment in a subsidiary		-	-	-	(724,000)
Proceeds from disposal of investment properties		-	508,000	-	-
Proceeds from disposal of land		2,065,085	170,000	-	-
Interest received		950,871	1,364,513	-	-
Proceeds from compulsory acquisition		1,538,267	388,000	-	-
Cost of investment properties overprovided in previous year		-	108,533	-	-
Net cash used in investing activities		(234,352,477)	(30,422,041)	-	(1,724,002)
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares	24	(1,317,953)	(2,850,514)	(1,317,953)	(2,850,514)
Repayment of term loan		(10,955,000)	(4,020,000)	-	-
Drawdown of term loan		116,855,260	-	-	-
Drawdown of bankers' acceptance		5,050,000	-	-	-
Drawdown of revolving credit		6,300,000	-	-	-
Dividends paid		(13,173,978)	(20,867,235)	(13,173,978)	(20,867,235)
Net cash generated from/(used in) financing activities		102,758,329	(27,737,749)	(14,491,931)	(23,717,749)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(21,196,947)	6,176,620	(52,491)	36,839
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		30,146,921	23,970,301	88,497	51,658
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	20	8,949,974	30,146,921	36,006	88,497

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

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 principal place of business of the Company is located at Wisma KSL, 148, Batu 1½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Ta'zim.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are property development, property management and property investment. 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 26 April 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards (FRSs) in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for land and buildings included within investment properties that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has a long term equity interest and where it has power directly or indirectly to exercise control over the financial and operating policies so as to obtain benefits from its activities.

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

(ii) Basis of consolidation

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

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. **SIGNIFICANT ACCOUNTING POLICIES** ***(Cont'd)***

2.2 Summary of significant accounting policies ***(Cont'd)***

(a) Subsidiaries and basis of consolidation ***(Cont'd)***

(ii) Basis of consolidation ***(Cont'd)***

Acquisition of subsidiaries which meet the criteria for merger are accounted for using merger accounting principles. Under the merger method, the results of the subsidiaries being merged are included as if the merger had been effected throughout the current and previous financial years. The difference between the cost of investment and the nominal value of the shares acquired has been classified as a merger deficit and is adjusted against any suitable reserve.

Other acquisition of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition 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 acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of the intangible assets are assessed to be finite and are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

(c) Property, plant and equipment and depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Building-in-progress are also not depreciated as these assets are not available for use.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.2 Summary of significant accounting policies *(Cont'd)*

(c) Property, plant and equipment and depreciation *(cont'd)*

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Building	2%
Plant and machinery	10% to 20%
Motor vehicles	20%
Office equipment	10% to 25%
Tele-communication	10%
Renovation	10%
Sales office	10%
Site office	10%
Signboard	10%
Furniture and fittings	5% to 10%

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

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

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

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

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 gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. **SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)***

2.2 Summary of significant accounting policies *(Cont'd)*

(e) 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.

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.

(f) Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.2 Summary of significant accounting policies *(Cont'd)*

(g) Inventories

Inventories of completed residential properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

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

(h) Financial instruments

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

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

(i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank and deposits at call, which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade receivables

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

(iii) Trade payables

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

(iv) Interest-bearing borrowings

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

(v) Equity instruments

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.2 Summary of significant accounting policies *(Cont'd)*

(i) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases with the following exceptions :

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(j) Borrowing costs

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

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

(k) Income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.2 Summary of significant accounting policies *(Cont'd)*

(k) Income tax *(Cont'd)*

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

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(m) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

(n) 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. The following specific recognition criteria must also be met before revenue is recognised :

(i) Sale of development properties

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.2 Summary of significant accounting policies *(Cont'd)*

(n) Revenue recognition *(Cont'd)*

(ii) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(iii) Interest income

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

(iv) Dividend income

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

(v) Management fees

Management fees are recognised when services are rendered.

(vi) Sales of goods

Revenue relating to sale of goods is recognised net of discounts and returns upon the transfer of risks and rewards.

2.3 Standards and interpretations issued but not yet effective

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

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.3 Standards and interpretations issued but not yet effective *(Cont'd)*

Effective for financial periods beginning on or after 1 July 2010

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

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

(i) FRS 101: *Presentation of Financial Statements (revised)*

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

(ii) FRS 123: *Borrowing Costs (revised)*

The Group's current accounting policy is consistent with the FRS 123 : Borrowing Costs (revised).

(iii) FRS 139: *Financial Instruments: Recognition and Measurement,* FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement,* FRS 7: *Financial Instruments: Disclosures.*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.3 Standards and interpretations issued but not yet effective *(Cont'd)*

(iv) Amendments to FRSs 'Improvements to FRSs (2009)'

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

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

(v) IC Interpretation 15: *Agreements for the Construction of Real Estate*

This IC requires that when a real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit. The revenue from sales of development properties is currently accounted for by the stage of completion method. The Group is in the process of ascertaining the impact of IC Interpretation 15 on the Group's financial statements in the period of initial application.

2.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

Classification between investment properties and property, plant and equipment

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.4 Significant accounting estimates and judgements *(Cont'd)*

(b) Key sources of estimation uncertainty

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

(i) Property development

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

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

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment, other than freehold land, is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 10 to 50 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. REVENUE

Revenue of the Group and of the Company consists of the following :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of development properties	178,730,457	210,678,602	-	-
Compensation sum from compulsory acquisition	1,538,267	388,000	-	-
Rental income from investment properties	3,439,714	3,423,014	-	-
Dividend income from subsidiaries	-	-	3,000,000	3,000,000
Management fees from subsidiaries	-	-	1,410,000	1,446,000
Maintenance fees from residents	-	500,798	-	-
Other trade sales	405,915	1,083,379	-	-
Sales of land	2,065,085	170,000	-	-
	186,179,438	216,243,793	4,410,000	4,446,000

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

4. COST OF SALES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Property development costs (Note 14(b))	67,478,573	77,751,743	-	-
Cost of inventories sold	22,670,271	39,337,539	-	-
Cost of land (Note 14(a))	2,026,127	71,894	-	-
Cost of land arising from compulsory acquisition (Note 14(a))	-	130,666	-	-
Cost of maintenance	-	448,707	-	-
Other trade cost	666,460	1,393,988	-	-
	92,841,431	119,134,537	-	-

5. OTHER INCOME

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Interest income (Note 7)	950,871	1,364,513	-	-
Rental income (Note 7)	2,201,669	1,934,011	-	-
Sundry income	3,324,901	470,719	-	-
Fair value adjustments of investment properties (Note 7 and Note 15)	44,288,911	44,108,533	-	-
	50,766,352	47,877,776	-	-

6. FINANCE COSTS

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Interest expense on:				
Bank borrowings	287,418	714,098	-	-
Loan	2,340,782	118,810	-	-
Bank charges	201,955	188,420	3,009	3,474
	2,830,155	1,021,328	3,009	3,474
Less: Amount capitalised in property development cost	(138,314)	(257,456)	-	-
Less: Amount capitalised in property, plant and equipment	(234,497)	(435,815)	-	-
	2,457,344	328,057	3,009	3,474

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

7. PROFIT BEFORE TAX

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax is stated after charging/(crediting) :				
Staff costs (Note 8)	9,625,030	9,394,117	1,210,356	1,239,196
Non-executive directors' remuneration (Note 9)				
- Fee	90,000	90,000	90,000	90,000
- Other emoluments	18,000	21,000	18,000	21,000
Auditors' remuneration:				
- Statutory audits	117,000	113,500	20,000	21,000
- Other services	79,900	102,300	12,500	9,500
Direct operating expenses of investment properties :				
- revenue generating during the year	66,758	79,825	-	-
- non-revenue generating during the year	4,169	3,900	-	-
Amortisation of intangible assets (Note 16)	-	117,481	-	-
Depreciation (Note 13)	1,512,919	1,182,428	2,784	2,785
Fair value adjustments of investment properties (Note 5 and Note 15)	(44,288,911)	(44,108,533)	-	-
Rental of machinery	6,427	5,220	-	-
Rental income (Note 5)	(2,201,669)	(1,934,011)	-	-
Royalty income	-	(65,213)	-	-
Management fee received from subsidiaries	-	-	(1,410,000)	(1,446,000)
Interest income (Note 5)	(950,871)	(1,364,513)	-	-
Gain on disposal of property, plant and equipment	-	(4,432)	-	-
Intangible assets written off	-	926	-	-
Property, plant and equipment written off	723	26,294	-	-
Development expenditure written off	-	197,542	-	-
Provision for foreseeable losses	-	135,553	-	-

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	8,698,866	8,448,170	1,077,750	1,103,500
Social security contributions	72,941	72,045	3,276	3,276
Contributions to defined contribution plan	785,986	766,969	129,330	132,420
Other staff related expenses	67,237	106,933	-	-
	9,625,030	9,394,117	1,210,356	1,239,196

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,805,924 (2008 : RM3,809,484) and RM1,210,356 (2008 : RM1,239,196) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors' remuneration (Note 8):				
Other emoluments				
- Directors of the Company	2,862,052	2,873,647	1,210,356	1,239,196
- Directors of subsidiaries	943,872	935,837	-	-
	3,805,924	3,809,484	1,210,356	1,239,196
Non-executive directors' remuneration (Note 7):				
Fees	90,000	90,000	90,000	90,000
Other emoluments	18,000	21,000	18,000	21,000
	108,000	111,000	108,000	111,000
Total directors' remuneration	3,913,924	3,920,484	1,318,356	1,350,196

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive:				
Salaries and other emoluments	1,990,080	1,986,580	810,000	808,000
Bonus	562,270	584,020	267,750	295,500
Social security contributions	3,276	3,276	3,276	3,276
Contributions to defined contribution plan	306,426	299,771	129,330	132,420
	2,862,052	2,873,647	1,210,356	1,239,196
Non-executive :				
Fees	90,000	90,000	90,000	90,000
Other emoluments	18,000	21,000	18,000	21,000
	108,000	111,000	108,000	111,000
	2,970,052	2,984,647	1,318,356	1,350,196

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

9. DIRECTORS' REMUNERATION *(Cont'd)*

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

	Number of Directors 2009	2008
Executive directors:		
RM100,001 - RM150,000	1	1
RM200,001 - RM250,000	1	1
RM750,001 - RM800,000	2	2
RM950,001 - RM1,000,000	1	1
Non-executive directors:		
Below RM50,000	3	3

10. INCOME TAX EXPENSE

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current income tax:				
Malaysian income tax	19,321,777	22,011,960	758,899	790,210
(Over)/Under provision in prior years:				
Malaysian income tax	(611,580)	212,761	209	24,067
	18,710,197	22,224,721	759,108	814,277
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	4,907,972	10,530,929	-	-
Underprovision in prior years	239,406	207,828	-	-
Relating to changes in tax rate	-	(120,806)	-	-
	5,147,378	10,617,951	-	-
Total income tax expense	23,857,575	32,842,672	759,108	814,277

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2008 : 26%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

10. INCOME TAX EXPENSE *(Cont'd)*

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

	2009 RM	2008 RM
Group		
Profit before taxation	115,245,760	123,343,644
Taxation at Malaysian statutory tax rate of 25% (2008 : 26%)	28,811,440	32,069,347
Effect of different tax rate of 20% on first RM500,000 for year 2008 for companies qualified as small and medium enterprise	-	(113,571)
Income not subject to tax	(387,674)	(511,110)
Expenses not deductible for tax purposes	1,362,880	1,136,533
Deferred tax assets not recognised during the year	767,226	42,792
Utilisation of previously unrecognised tax losses	(17,195)	(86,428)
Deferred tax recognised at different tax rate	(6,306,928)	2,391
Effect of reduction in Malaysia tax rates on opening balance of deferred tax	-	(117,871)
Underprovision of income tax expense in prior years	(611,580)	212,761
Underprovision of deferred tax in prior years	239,406	207,828
Tax expense for the year	23,857,575	32,842,672
Company		
Profit before taxation	2,931,381	2,930,997
Taxation at Malaysian statutory tax rate of 25% (2008 : 26%)	732,845	762,059
Expenses not deductible for tax purposes	26,054	28,151
Underprovision of income tax expense in prior years	209	24,067
Tax expense for the year	759,108	814,277

11. EARNINGS PER SHARE

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

	2009	2008
Net profit for the year (RM)	91,388,185	90,500,972
Weighted average number of ordinary share in issue	351,306,087	352,487,087
Basic earnings per share (sen)	26.01	25.67

No diluted earnings per share is presented as the Company has no dilutive potential ordinary shares as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

12. DIVIDENDS

	Dividends in respect of year			Dividends Recognised in Year	
	2009 RM	2008 RM	2007 RM	2009 RM	2008 RM
Recognised during the year :					
Ordinary final dividend of 16% less 26% taxation on 352,487,087 ordinary shares (5.92 sen per ordinary share)	-	-	20,867,235	-	20,867,235
Ordinary final dividend of 10% less 25% taxation on 351,306,087 ordinary shares (3.75 sen per ordinary share)	-	13,173,978	-	13,173,978	-
Proposed for approval at AGM (not recognised as at 31 December):					
Final dividend for 2009 : 10% less 25% taxation (3.75 sen per ordinary share)	14,490,228*	-	-	-	-
	14,490,228	13,173,978	20,867,235	13,173,978	20,867,235

* The proposed dividend is computed taking into effect of the private placement of 35,100,000 new ordinary shares of RM0.50 each in the Company as disclosed in Note 34(a) to the financial statements.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009 of 10% less 25% taxation will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building RM	Freehold land and building in progress RM	Leasehold land and building in progress RM	Plant and machinery RM	Motor vehicles RM	*Other property, plant and equipment RM	Total RM
At 31 December 2009							
Cost							
At 1 January 2009	4,368,886	51,814,610	6,334,571	1,866,819	4,943,533	4,684,569	74,012,988
Additions	6,686,150	49,193,952	-	242,038	443,881	142,179	56,708,200
Disposal	-	-	-	-	(60,000)	-	(60,000)
Transfer to property development (Note 14(b))	-	(53,698)	-	-	-	-	(53,698)
Transfer to investment properties (Note 15)	-	(23,675,700)	-	-	-	-	(23,675,700)
Written off	-	-	-	-	(3,670)	(2,550)	(6,220)
At 31 December 2009	11,055,036	77,279,164	6,334,571	2,108,857	5,323,744	4,824,198	106,925,570
Accumulated depreciation							
At 1 January 2009	1,579,863	-	-	1,294,134	2,952,283	2,755,608	8,581,888
Depreciation charge for the year (Note 7)	170,662	-	-	137,803	791,779	412,675	1,512,919
Disposal	-	-	-	-	(44,000)	-	(44,000)
Written off	-	-	-	-	(3,669)	(1,828)	(5,497)
At 31 December 2009	1,750,525	-	-	1,431,937	3,696,393	3,166,455	10,045,310
Net carrying amount	9,304,511	77,279,164	6,334,571	676,920	1,627,351	1,657,743	96,880,260

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

13. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

Group	Freehold land and building RM	Freehold land and building in progress RM	Leasehold land and building in progress RM	Plant and machinery RM	Motor vehicles RM	*Other property, plant and equipment RM	Total RM
At 31 December 2008							
Cost							
At 1 January 2008	4,368,886	35,971,448	6,352,384	1,653,684	4,529,431	4,567,504	57,443,337
Additions	-	28,231,295	-	213,135	549,102	184,846	29,178,378
Disposal	-	-	-	-	(20,000)	(52,707)	(72,707)
Transfer to property development (Note 14(b))	-	(12,388,133)	-	-	-	-	(12,388,133)
Written off	-	-	(17,813)	-	(115,000)	(15,074)	(147,887)
At 31 December 2008	4,368,886	51,814,610	6,334,571	1,866,819	4,943,533	4,684,569	74,012,988
Accumulated depreciation							
At 1 January 2008	1,409,201	-	-	1,180,670	2,591,835	2,375,787	7,557,493
Depreciation charge for the year (Note 7)	170,662	-	-	113,464	495,446	402,856	1,182,428
Disposal	-	-	-	-	(19,999)	(16,441)	(36,440)
Written off	-	-	-	-	(114,999)	(6,594)	(121,593)
At 31 December 2008	1,579,863	-	-	1,294,134	2,952,283	2,755,608	8,581,888
Net carrying amount	2,789,023	51,814,610	6,334,571	572,685	1,991,250	1,928,961	65,431,100

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

13. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

	Signboard RM
Company	
At 31 December 2009	
Cost	
At 1 January 2009	27,853
Additions	-
At 31 December 2009	27,853
Accumulated depreciation	
At 1 January 2009	20,906
Depreciation charge for the year (Note 7)	2,784
At 31 December 2009	23,690
Net carrying amount	4,163
At 31 December 2008	
Cost	
At 1 January 2008	27,853
Additions	-
At 31 December 2008	27,853
Accumulated depreciation	
At 1 January 2008	18,121
Depreciation charge for the year (Note 7)	2,785
At 31 December 2008	20,906
Net carrying amount	6,947

* Other property, plant and equipment comprises office equipment, tele-communication, renovations, sales office, site office, signboard and furniture and fittings.

(a) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM1,940,893 (2008 : RM1,810,674).

(b) Freehold land and building-in-progress with carrying value of RM46,865,767 in previous year was pledged as securities for borrowings (Note 21).

(c) Interest expenses capitalised during the financial year under freehold land and building-in-progress of the Group amounted to RM234,497 (2008 : RM435,815).

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Freehold land RM
At 31 December 2009	
Cost	
At 1 January 2009	272,482,808
Additions	122,114,236
Transfer to property development costs	(3,547,146)
Impairment loss (Note 25)	(262,735)
Disposal	(2,026,127)
At 31 December 2009	388,761,036
Carrying amount at 31 December 2009 consisting of:	
At cost	331,732,716
At surrogate cost	57,028,320
	388,761,036
At 31 December 2008	
Cost	
At 1 January 2008	274,333,387
Additions	4,254,671
Transfer to property development costs	(5,516,931)
Development expenditure written off	(197,542)
Transfers to inventories	(188,217)
Cost of land recognised for compulsory acquisition (Note 4)	(130,666)
Disposal	(71,894)
At 31 December 2008	272,482,808
Carrying amount at 31 December 2008 consisting of:	
At cost	222,925,830
At surrogate cost	49,556,978
	272,482,808

The surrogate cost represents the revalued amount which was previously allowed under MASB Approved Accounting Standard MAS 7 : Accounting for Property Development, which the Group continues to retain as its surrogate cost.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS *(Cont'd)*

(b) Property development costs

	2009 RM	2008 RM
Cumulative property development costs at 1 January :		
Freehold land	78,332,699	74,766,321
Development costs	121,032,746	81,544,467
	199,365,445	156,310,788
Cost incurred during the year :		
Development costs	72,660,104	78,568,626
	272,025,549	234,879,414
Transfers to inventories	(100,583,246)	(53,419,032)
Transfers from property, plant and equipment (Note 13)	53,698	12,388,133
Transfers from land held for property development	3,547,146	5,516,931
	(96,982,402)	(35,513,968)
Cumulative costs recognised in income statement :		
At 1 January	(62,598,025)	(11,742,411)
Recognised during the year (Note 4)	(67,478,573)	(77,751,743)
Reversal of cost previously recognised in income statement upon completion	91,124,232	26,896,128
At 31 December	(38,952,366)	(62,598,026)
Foreseeable losses :		
At 1 January	(244,835)	(413,030)
Addition	-	(135,553)
Recognised during the year	244,835	288,715
Reversal of completed project	-	15,033
At 31 December	-	(244,835)
Property development costs at 31 December	136,090,781	136,522,585

Freehold land of the Group with the carrying values of RM145,604,337 (2008 : RM60,926,630) are pledged as securities for borrowings (Note 21).

Included in the development expenditure of the Group are the following expenses capitalised during the financial year:

	2009 RM	2008 RM
Interest	138,314	257,456
Rental of machinery	1,371,531	844,413

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

15. INVESTMENT PROPERTIES

	Group 2009 RM	Group 2008 RM
At 1 January	70,392,000	26,900,000
Additions	60,334,761	-
Disposal	-	(508,000)
Cost overprovided in prior year	-	(108,533)
Transfer from property, plant and equipment (Note 13)	23,675,700	-
Fair value adjustments (Note 7)	44,288,911	44,108,533
	198,691,372	70,392,000

Investment properties with an aggregate carrying value of RM125,875,588 (2008 : RM1,567,000) are pledged as securities for borrowings (Note 21).

Investment properties comprise a number of freehold shophouses and commercial properties leased to third parties. The fair value of the investment properties was based on indicative valuation by Henry Butcher Malaysia (Johor) Sdn. Bhd., an independent professional qualified valuer, using comparison and investment method of valuation.

16. INTANGIBLE ASSETS

	Group 2009 RM	Group 2008 RM
Computer software		
Cost		
At 1 January	384,727	382,490
Additions	-	4,552
Written off	-	(2,315)
	384,727	384,727
Accumulated amortisation and impairment		
At 1 January	384,727	268,635
Amortisation (Note 7)	-	117,481
Written off	-	(1,389)
	384,727	384,727
Net carrying amount	-	-

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

17. INVESTMENTS IN SUBSIDIARIES

	Company 2009 RM	Company 2008 RM
Unquoted shares, at cost	83,648,955	83,648,955

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of Incorporation	Equity Interest Held 2009 %	Equity Interest Held 2008 %	Principal Activities
Held by the Company				
Khoo Soon Lee Realty Sdn. Bhd.	Malaysia	100	100	Property investment and development
Goodpark Development Sdn. Bhd.	Malaysia	100	100	Property development
Harapan Terang Sdn. Bhd.	Malaysia	100	100	Property development
Bintang-Bintang Development Sdn. Bhd.	Malaysia	100	100	Property investment and development
Tai Lik Development (Batu Anam) Sdn. Bhd.	Malaysia	100	100	Property development
Sejota Sdn. Bhd.	Malaysia	100	100	Property development
Eversonic Sdn. Bhd.	Malaysia	100	100	Property development
Bintang-Bintang Enterprise Sdn. Bhd.	Malaysia	100	100	Property development
Prosper Plus Industry Sdn. Bhd.	Malaysia	100	100	Property investment
Harapan Terang Properties Sdn. Bhd.	Malaysia	100	100	Property development
Harapan Terang Realty Sdn. Bhd.	Malaysia	100	100	Property development
Exportex Sdn. Bhd.	Malaysia	100	100	Property development
Villa Bestari Sdn. Bhd.	Malaysia	100	100	Property management
KSL Properties Sdn. Bhd.	Malaysia	100	100	Property investment and development
Clarion Housing Development Sdn. Bhd.	Malaysia	100	100	Property investment
Sering Cemerlang Sdn. Bhd.	Malaysia	100	100	Property investment
Sure Success Properties Sdn. Bhd.	Malaysia	100	100	Property investment
Pure Properties Sdn. Bhd.	Malaysia	100	100	Property investment
Held through subsidiaries:				
KSL Realty Sdn. Bhd. *	Malaysia	100	100	Property development
KSL Development Sdn. Bhd.**	Malaysia	100	100	Property investment and development

* Subsidiary of Khoo Soon Lee Realty Sdn. Bhd. As disclosed in Note 34, this subsidiary was disposed of subsequent to year end.

** Subsidiary of Harapan Terang Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

18. INVENTORIES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cost				
Properties held for sale	63,081,102	76,573,380	-	-

19. TRADE AND OTHER RECEIVABLES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current				
Trade receivables				
Third parties	29,479,575	36,989,668	-	-
Accrued billings in respect of property development cost	20,750,437	13,622,627	-	-
	50,230,012	50,612,295	-	-
Other receivables				
Due from subsidiaries	-	-	244,330,959	246,048,401
Tax recoverable	404,767	69,676	-	-
Deposit for acquisition of land	2,591,384	7,630,000	-	-
Other deposits	8,369,380	2,356,274	-	-
Prepayment	23,167	7,708,527	-	-
Sundry receivables	25,693	1,841,682	-	-
Compensation sum receivable for compulsory acquisition	-	19,343,125	-	-
	11,414,391	38,949,284	244,330,959	246,048,401
	61,644,403	89,561,579	244,330,959	246,048,401

The amounts due from subsidiaries are unsecured, interest free and are repayable on demand.

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

20. CASH AND CASH EQUIVALENTS

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash on hand and at banks	9,899,974	9,692,778	36,006	88,497
Deposit with licensed bank (Note 31(b))	-	7,000,000	-	-
Repurchase agreement (Note 31(b))	7,950,000	13,660,000	-	-
Cash and bank balances	17,849,974	30,352,778	36,006	88,497
Less : Bank overdrafts	(8,900,000)	(205,857)	-	-
Cash and cash equivalents	8,949,974	30,146,921	36,006	88,497

Included in cash and banks of the Group are amounts of RM6,603,377 (2008 : RM6,207,429) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

21. BORROWINGS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term borrowings				
Secured :				
Bank overdrafts	8,900,000	205,857	-	-
Revolving credit	6,300,000	-	-	-
Bankers' acceptance	5,050,000	-	-	-
Term loans	-	4,020,000	-	-
	20,250,000	4,225,857	-	-
Long term borrowings				
Secured:				
Term loans	116,855,260	6,935,000	-	-
Total borrowings				
Bank overdrafts	8,900,000	205,857	-	-
Revolving credit	6,300,000	-	-	-
Bankers' acceptance	5,050,000	-	-	-
Term loans	116,855,260	10,955,000	-	-
	137,105,260	11,160,857	-	-

The secured bank overdrafts and term loans of the Group are secured by certain assets of the Group as disclosed in Notes 13, 14 and 15. The term loans, revolving credit and bankers' acceptance are also secured by corporate guarantees by the Company.

Other information on financial risks of borrowings are disclosed in Note 31.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current				
Trade payables				
Third parties	38,954,093	39,154,613	-	-
Related party	24,948	-	-	-
Progress billings in respect of property development cost	14,733,182	535,616	-	-
	53,712,223	39,690,229	-	-
Other payables				
Amount due to subsidiaries	-	-	25,303,434	14,753,782
Other deposits	6,104,721	6,410,947	-	-
Accruals and provisions	2,168,151	1,560,758	196,873	196,873
Sundry payables	4,289,657	4,519,617	37,374	42,075
	12,562,529	12,491,322	25,537,681	14,992,730
	66,274,752	52,181,551	25,537,681	14,992,730

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

22. TRADE AND OTHER PAYABLES *(Cont'd)*

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to three months.

(b) The amount due to subsidiaries are unsecured, interest-free and are repayable on demand.

23. DEFERRED TAX LIABILITIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	18,146,889	7,866,632	-	-
Recognised in income statement (Note 10)	5,147,378	10,617,951	-	-
Recognised in revaluation reserve	(26,786)	(337,694)	-	-
At 31 December	23,267,481	18,146,889	-	-

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Revaluation of freehold and leasehold land RM	Total RM
At 1 January 2009	292,681	17,854,208	18,146,889
Recognised in income statement (Note 10)	(172,742)	5,320,120	5,147,378
Recognised in revaluation reserve	-	(26,786)	(26,786)
At 31 December 2009	119,939	23,147,542	23,267,481
At 1 January 2008	295,893	7,570,739	7,866,632
Recognised in income statement (Note 10)	(3,212)	10,621,163	10,617,951
Recognised in revaluation reserve (Note 25)	-	(337,694)	(337,694)
At 31 December 2008	292,681	17,854,208	18,146,889

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

24. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of Ordinary Shares of 50 Sen Each		<— Amount —>			
	Share Capital (Issued and Fully Paid)	Treasury Shares	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total Share Capital and Share Premium RM	Treasury Shares RM
At 1 January 2008	355,447,487	(140,200)	177,723,744	5,064,456	182,788,200	(215,258)
Purchase of treasury shares	-	(2,820,200)	-	-	-	(2,850,514)
At 31 December 2008	355,447,487	(2,960,400)	177,723,744	5,064,456	182,788,200	(3,065,772)
Purchase of treasury shares	-	(1,181,000)	-	-	-	(1,317,953)
At 31 December 2009	355,447,487	(4,141,400)	177,723,744	5,064,456	182,788,200	(4,383,725)

	Number of Ordinary Shares of 50 Sen Each 2009	2008	Amount 2009 RM	2008 RM
Authorised share capital				
At 1 January/31 December	1,000,000,000	1,000,000,000	500,000,000	500,000,000

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed in Annual General Meeting held on 23 June 2009, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,181,000 of its issued ordinary shares from the open market at an average price of RM1.12 per share. The total consideration paid for the repurchase including transaction costs was RM1,317,953. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares had no right to voting, dividends and participation in other distribution.

Of the total 355,447,487 (2008 : 355,447,487) issued and fully paid ordinary shares as at 31 December 2009, 4,141,400 (2008 : 2,960,400) were held as treasury shares by the Company. As at 31 December 2009, the number of ordinary shares in issue after the setoff is therefore 351,306,087 (2008 : 352,487,087) ordinary shares of RM0.50 each.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

25. REVALUATION RESERVE

Group	Revaluation Reserve-Freehold Land RM
At 1 January 2009	21,172,427
Realised revaluation reserve	(810,127)
Reversal of deferred tax arising from impairment loss	65,681
Overprovision of deferred tax in prior years	(38,895)
Impairment loss (Note 14(a))	(262,735)
At 31 December 2009	20,126,351
At 1 January 2008	22,405,823
Realised revaluation reserve	(1,571,090)
Reversal of deferred tax arising from change in tax rate (Note 23)	337,694
At 31 December 2008	21,172,427

The revaluation reserve is used to record increases in the fair value of freehold land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. Prior to 1 January 2006, revaluation increase of investment property and land held for property development are also included in this reserve and the revaluation increase of investment properties has been subsequently recognised in retained earnings upon the application of FRS 140.

26. RETAINED EARNINGS

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

During the transitional period, the Company can utilise the balance in the 108 account as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Bill, 2007.

As at 31 December 2009, the Company has tax exempt profits available for distribution of approximately RM855,000 (2008 : RM855,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit in the 108 balance and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

27. OPERATING LEASE ARRANGEMENTS

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

	2009 RM	2008 RM
Not later than 1 year	7,746,204	3,432,714
Later than 1 year but not later than 5 years	33,532,737	10,927,107
Later than 5 years	28,822,283	14,993,586
	70,101,224	29,353,407

Investment property rental income recognised in profit or loss during the financial year are disclosed in Note 3.

28. COMMITMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Approved and contracted for:				
Acquisition of land	28,092,460	164,869,965	-	-
Construction of investment properties	51,647,139	-	-	-
	79,739,599	164,869,965	-	-

29. CONTINGENT LIABILITIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unsecured:				
Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	140,002,891	13,507,516

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. RELATED PARTY DISCLOSURES

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

	2009 RM	2008 RM
Company		
Management fees received from the subsidiaries	1,410,000	1,446,000
Group		
Rental received from :		
Bestari Bestmart Sdn. Bhd. (Note a)	1,332,000	1,368,000
Harapan Terang Motor Sdn. Bhd. (Note b)	20,400	20,400
Bintang-Bintang Sdn. Bhd. (Note c)	126,000	-
Purchases from :		
Harapan Terang Motor Sdn. Bhd. (Note b)	56,997	21,807
Wawasan Batu-Bata Sdn. Bhd. (Note c)	2,058,858	3,057,600

Note :

(a) In which Ku Hwa Seng has interest.
(b) In which Ku Tien Sek has interest.
(c) In which Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng, Ku Tien Sek and a director of certain subsidiary companies, Ku Wa Chong, have interest.

The directors are of opinion that the transaction above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

(b) Compensation of key management personnel

The remuneration of executive directors, who are also the members of key management, during the year was as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	3,442,750	3,456,000	1,077,750	1,103,500
Post-employment benefits :				
Social security contributions	3,276	3,276	3,276	3,276
Defined contribution plan	359,898	350,208	129,330	132,420
	3,805,924	3,809,484	1,210,356	1,239,196

Included in the total key management personnel are:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors' remuneration	3,805,924	3,809,484	1,210,356	1,239,196

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy 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 flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

The Group's interest rate risk arises primarily from interest-bearing borrowings and repurchase agreements. Borrowings at floating rates expose the Group to cash flow interest rate risk. There is no formal hedging policy with respect to interest rate exposure.

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

	Note	WAEIR %	Within 1 Year RM	1 - 2 Years RM	2 - 3 Years RM	3 - 4 Years RM	4 - 5 Years RM	More than 5 Years RM	Total RM
At 31 December 2009									
Floating rate									
Term loans	21	3.90	-	-	7,312,500	29,250,000	29,250,000	51,042,760	116,855,260
Bank overdrafts	21	3.56	8,900,000	-	-	-	-	-	8,900,000
Revolving credit	21	3.80	6,300,000	-	-	-	-	-	6,300,000
Bankers' acceptance	21	4.46	5,050,000	-	-	-	-	-	5,050,000
Repurchase agreement	20	0.99	7,950,000	-	-	-	-	-	7,950,000
At 31 December 2008									
Floating rate									
Term loans	21	5.16	4,020,000	4,020,000	2,915,000	-	-	-	10,955,000
Bank overdrafts	21	7.00	205,857	-	-	-	-	-	205,857
Deposit with licensed bank	20	2.30	7,000,000	-	-	-	-	-	7,000,000
Repurchase agreement	20	2.16	13,660,000	-	-	-	-	-	13,660,000

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31. FINANCIAL INSTRUMENTS *(Cont'd)*

(c) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that 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. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(d) Credit risk

The Group's credit risk is primarily attributable to trade receivables. Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via 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.

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

(e) Fair values

The carrying amounts of cash and cash equivalents, trade and other receivables/payables of the Group and of the Company at the balance sheet date approximated their fair values due to the relatively short term maturity of the financial instruments.

The carrying amount of the Group's current financial instruments approximate their fair values due to their short term nature. The carrying amount of the Group's long term bank borrowings also approximate their fair values since interest on these bank borrowings vary with the prevailing market interest rates.

32. SEGMENT INFORMATION

(a) Business segments:

The Group is organised into four major business segments:

(i) Property development - the development of residential and commercial properties;

(ii) Property management - management of apartments;

(iii) Property investment - investment in real properties; and

(iv) Investment holding - provision of management services to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

32. SEGMENT INFORMATION *(Cont'd)*

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

2009	Property development RM	Property management RM	Property investment RM	Investment holding RM	Eliminations RM	Consolidated RM
Revenue						
External sales						
- Sales of properties	182,333,809	-	-	-	-	182,333,809
- Rental income	-	-	3,439,714	-	-	3,439,714
- Others	405,915	-	-	-	-	405,915
Inter-segment	-	-	-	4,410,000	(4,410,000)	-
	182,739,724	-	3,439,714	4,410,000	(4,410,000)	186,179,438
Other Income						
- Fair value adjustments	-	-	44,288,911	-	-	44,288,911
- Rental income	2,201,669	-	-	-	-	2,201,669
- Others	4,259,631	1,518	14,623	-	-	4,275,772
	6,461,300	1,518	44,303,534	-	-	50,766,352
Results						
Segment results	70,175,383	(4,849)	47,598,180	2,934,390	(3,000,000)	117,703,104
Finance cost						(2,457,344)
						115,245,760
Taxation						(23,857,575)
Net profit for the year						91,388,185
2009						
Assets						
Segment assets	765,542,829	8,312	231,227,732	328,020,083	(361,800,028)	962,998,928
Consolidated total assets						962,998,928
Liabilities						
Segment liabilities	440,257,700	10,277	45,599,576	25,539,731	(278,138,393)	233,268,891
Consolidated total liabilities						233,268,891
Other information						
Capital expenditure	671,037	-	116,318,226	-		116,989,263
Depreciation and amortisation	1,473,583	-	36,552	2,784		1,512,919

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

32. SEGMENT INFORMATION *(Cont'd)*

2008	Property development RM	Property management RM	Property investment RM	Investment holding RM	Eliminations RM	Consolidated RM
Revenue						
External sales						
- Sales of properties	211,236,602	-	-	-	-	211,236,602
- Rental income	-	-	3,423,014	-	-	3,423,014
- Maintenance fees	-	500,798	-	-	-	500,798
- Others	1,083,379	-	-	-	-	1,083,379
Inter-segment	4,858,682	76,193	-	4,446,000	(9,380,875)	-
Total revenue	217,178,663	576,991	3,423,014	4,446,000	(9,380,875)	216,243,793
Other Income						
- Fair value adjustments	-	-	44,108,533	-	-	44,108,533
- Rental income	1,934,011	-	-	-	-	1,934,011
- Others	1,831,765	3,467	-	-	-	1,835,232
	3,765,776	3,467	44,108,533	-	-	47,877,776
Results						
Segment results	124,718,780	(84,512)	(887,822)	2,934,471	(3,009,216)	123,671,701
Finance cost						(328,057)
						123,343,644
Taxation						(32,842,672)
Net profit for the year						90,500,972
2008						
Assets						
Segment assets	663,697,482	151,067	100,642,699	329,792,800	(352,967,818)	741,316,230
Consolidated total assets						741,316,230
Liabilities						
Segment liabilities	247,154,377	148,143	95,257,371	14,992,790	(269,306,183)	88,246,498
Consolidated total liabilities						88,246,498
Other information						
Capital expenditure	677,877	4,524	16,112,396	-		16,794,797
Depreciation and amortisation	1,280,457	4,189	12,478	2,785		1,299,909

(b) Geographical segments :

Segmental reporting by geographical has not been prepared as the Group operates within Malaysia.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

33. MATERIAL LITIGATIONS

(a) On 11 April 2005, a subsidiary of the Company, KSL Realty Sdn. Bhd. ("KSL Realty") entered into a conditional sale and purchase agreement with Danaharta Hartanah Sdn. Bhd. (Danaharta) for the acquisition of three parcels of freehold land for a cash consideration of RM264,147,840. On 25 November 2005, Danaharta terminated the agreement due to their failure in meeting certain conditions precedent stipulated in the Sale and Purchase Agreement by cut-off date.

On 29 November 2005, KSL Realty served a writ of summons and statement of claim against Danaharta in relation to the termination of the Sale and Purchase Agreement. The writ of summons and statement of claim served by KSL Realty against Danaharta had been dismissed by the Federal Court on 23 November 2009.

(b) During the current financial year, legal action to recover claims in respect of mechanical and engineering consultancy services rendered of approximately RM4.1 million have been filed against KSL Properties Sdn Bhd (KSLP) and Khoo Soon Lee Realty Sdn Bhd (KSLR). KSLP and KLSR have disputed these claims. The disputed claims are currently pending trial.

34. SUBSEQUENT EVENTS

(a) On 14 January 2010, the Company announced a proposed private placement of 35,100,000 new ordinary shares of RM0.50 each in the Company, representing approximately 10% of the issued and paid-up capital of the Company.

Bursa Malaysia Securities Berhad had via its letter dated 25 January 2010 approved the proposal. The private placement was completed and listed on the Main Market of Bursa Malaysia Securities Berhad on 12 March 2010.

(b) On 22 March 2010, a subsidiary company, Khoo Soon Lee Realty Sdn Bhd. entered into a conditional sale and purchase agreement to dispose of its wholly owned subsidiary, KSL Realty Sdn Bhd. for a total cash consideration of RM10,220,000.

The disposal was completed before the date of this report.

LIST OF MAJOR PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2009

No.	Lot No.	Description	Area (sq. ft.)	Existing Use	Tenure	Approximate Age (Year)	Net Book Value as at 31.12.2009 (RM)	Date of Last Revaluation or if none, Date of Acquisition
01.	Geran 24269 (Lot 6415) & Lot 6412 Mukim of Klang District of Selangor	Development land approved for mixed development	19,444,095	Vacant land	Freehold	–	173,740,594	01.11.2007
02.	Lot 11896 HS(D) 2917 Lot 11997 HS(D) 3912 Lot 11840 Geran 71899 Mukim of Johor Bahru District of Johor Bahru Johor Darul Takzim	Development land approved for hotel, apartment and complex	295,515	KSL City	Freehold	–	115,103,200	21.03.2006
03.	Lot 2437 (CT 13581) Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	21,483,051	Taman Bestari Indah	Freehold	–	111,981,193	27.02.2002
04.	PTD 136166 (Partially) Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Commercial complex	186,872	Giant Nusa Bestari	Freehold	1	68,000,000	15.12.2009
05.	Lot 6530 Mukim of Kesang District of Muar Johor Darul Takzim	Commercial complex	175,677	Giant Muar	Leasehold expired on 12.09.2098	3	64,000,000	15.12.2009
06.	HS(D) 258295 PTD 71065 HS(D) 257249 PTD 71047 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Subdivided land under development	5,278,165	Taman Nusa Bestari	Freehold	–	62,378,085	17.04.2003
07.	PTD 84133 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	7,631,825	Taman Kempas Indah	Freehold	–	54,901,567	16.08.2002
08.	PTD 4343 & PTD 4344 Mukim of Kesang District of Muar Johor Darul Takzim	Subdivided land for mixed development	7,025,855	Pusat Perdagangan Muar	Leasehold expired on 12.09.2098	–	22,228,875	26.10.2004
09.	Lot 111-120, Lot 134-135 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Subdivided land for mixed development	3,644,942	Vacant land	Freehold	–	14,568,084	11.01.2005
10.	Lot 211 EMR 176 Lot 214 EMR 179 Lot 215 EMR 180 Lot 224 EMR 189 Lot 225 EMR 190 Lot 228 EMR 193 Lot 230 EMR 195 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Development land approved for mixed development	2,871,040	Vacant land	Freehold	–	9,878,978	31.3.2000

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM500,000,000.00 (1,000,000,000 Ordinary Shares of RM0.50 each)
Issued and fully paid-up	:	RM195,273,743.50 (390,547,487 Ordinary Shares of RM0.50 each)
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 7 MAY 2010

Size of Holdings	No. of Shareholders	No. of Shareholdings	Percentage of Shareholdings (%)
1 – 99	276	11,114	0.00
100 – 1,000	145	100,204	0.03
1,001 – 10,000	1,487	6,329,957	1.64
10,001 – 100,000	451	13,779,958	3.56
100,001 – 19,320,303 (*)	120	187,276,809	48.47
19,320,304 and above (**)	2	178,908,045	46.30
Total	**2,481**	**386,406,087*** **	**100.00**

Notes:-

* *Less than 5% of the issued and paid-up share capital.*

** *5% and above of the issued and paid-up share capital.*

*** *The number of 386,406,087 Ordinary Shares was arrived at after deducting 4,141,400 treasury shares retained by the Company from the issued and paid-up share capital of 390,547,487 Ordinary Shares.*

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 7 MAY 2010

		Direct Shareholdings		Indirect Shareholdings	
No.	Directors	No. of Shares	%	No. of Shares	%
1.	Dato' Haji Ishak Bin Ismail	2,680,000	0.69	-	-
2.	Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	4.71	146,266,666*	37.85
3.	Ku Hwa Seng	17,265,752	4.47	144,800,000**	37.47
4.	Ku Tien Sek	12,186,926	3.15	144,800,000**	37.47
5.	Lee Chye Tee	-	-	133,333***	0.03
6.	Gow Kow	-	-	-	-
7.	Goh Tyau Soon	-	-	-	-
8.	Tey Ping Cheng	-	-	-	-

Notes:-

* *Deemed interested by virtue of his interest in Premiere Sector Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and pursuant to Section 134(12)(c) of the Companies Act, 1965.*

** *Deemed interested by virtue of their respective interest in Premiere Sector Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*

*** *Deemed interested pursuant to Section 134(12)(c) of the Companies Act, 1965.*

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 7 MAY 2010

		Direct Shareholdings		Indirect Shareholdings	
No.	**Substantial Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Premiere Sector Sdn. Bhd.	144,800,000	37.47	-	-
2.	Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	4.71	146,266,666*	37.85
3.	Ku Hwa Seng	17,265,752	4.47	144,800,000**	37.47
4.	Ku Tien Sek	12,186,926	3.15	144,800,000**	37.47
5.	Ku Wa Chong	4,496,630	1.16	144,800,000**	37.47
6.	Lembaga Tabung Haji	34,108,045	8.83	-	-

Notes:-

* *Deemed interested by virtue of his interest in Premiere Sector Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and pursuant to Section 134(12)(c) of the Companies Act, 1965.*

** *Deemed interested by virtue of their respective interest in Premiere Sector Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 7 MAY 2010

No.	Name	No. of Shares	%
1.	Premiere Sector Sdn. Bhd.	144,800,000	37.47
2.	Lembaga Tabung Haji	34,108,045	8.83
3.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Citibank NA, Singapore (Julius Baer)	17,377,777	4.50
4.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for J.P. Morgan Bank Luxembourg S.A	15,000,000	3.88
5.	Ku Hwa Seng	10,666,666	2.76
6.	Khoo Cheng Hai @ Ku Cheng Hai	10,666,666	2.76
7.	Khoo Cheng Hai @ Ku Cheng Hai	7,518,001	1.95
8.	Ku Tien Sek	7,431,104	1.92
9.	Strata Century Sdn. Bhd.	6,863,090	1.78
10.	Ku Hwa Seng	6,599,086	1.71
11.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An for Royal Bank of Canada (Asia) Limited	6,315,500	1.63
12.	Damai Motor Kredit Sdn. Bhd.	5,884,599	1.52
13.	Mayban Nominees (Tempatan) Sdn. Bhd. Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	5,236,622	1.36
14.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (Canada)	4,400,000	1.14
15.	Mayban Nominees (Tempatan) Sdn. Bhd. Mayban Trustees Berhad for Public Regular Savings Fund (N14011940100)	4,194,210	1.09
16.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An for RBC Dexia Investor Services Trust	4,093,300	1.06
17.	Amanahraya Trustees Berhad Public Growth Fund	4,080,133	1.06
18.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	3,834,933	0.99
19.	Amanahraya Trustees Berhad Public Far-East Property & Resorts Fund	3,667,000	0.95
20.	Ku Tien Sek	3,555,556	0.92

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 7 MAY 2010 ***(Cont'd)***

No.	Name	No. of Shares	%
21.	Ku Wa Chong	3,339,912	0.86
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. ING Insurance Berhad (INV-IL-PAR)	2,977,344	0.77
23.	Citigroup Nominees (Asing) Sdn. Bhd. GSCO for Truffle Hound Global Value LLC	2,666,666	0.69
24.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	2,636,700	0.68
25.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An for American International Assurance Berhad	2,622,267	0.68
26.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	2,508,933	0.65
27.	TM Asia Life Malaysia Bhd. As Beneficial Owner (PF)	2,500,000	0.65
28.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Phejm Asset Management Sdn. Bhd. for Employees Provident Fund	2,150,000	0.56
29.	Amanahraya Trustees Berhad Public Smallcap Fund	2,033.000	0.53
30.	Amanahraya Trustees Berhad Public Savings Fund	1,742,856	0.45

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior to its issuance as it is an exempt statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

DEFINITIONS

Except where the context otherwise requires, the following definitions and terms shall apply throughout this Statement:-

"Act"	:	Companies Act, 1965
"AGM"	:	Annual General Meeting
"Board" or the "Directors"	:	The Board of Directors of KSL Holdings Berhad
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"Code"	:	Malaysian Code on Take-Overs and Mergers, 1998 and any amendments made thereto from time to time
"EPS"	:	Earnings per share
"KSL" or the "Company"	:	KSL Holdings Berhad (511433-P)
"KSL Group" or the "Group"	:	KSL and its subsidiary companies
"KSL Shares" or the "Shares"	:	Ordinary shares of RM0.50 each in KSL
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities
"NA"	:	Net Assets
"Proposed Share Buy-Back"	:	Proposed purchase of up to 10% of the issued and paid-up share capital of the Company
"PSSB"	:	Premiere Sector Sdn. Bhd. (539226-U)
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Statement"	:	Statement in relation to proposed renewal of authority to purchase its own shares by the Company

1. INTRODUCTION

On 26 April 2010, the Company announced that the approval granted by the shareholders at the Ninth AGM of KSL held on 23 June 2009 for the Company to purchase its own shares shall expire at the conclusion of the forthcoming Tenth AGM. AND THAT the Company proposed to seek a renewal of the approval from the shareholders at the forthcoming Tenth AGM to be held on 22 June 2010, to purchase and/or hold as treasury shares, its own Shares representing up to 10% of the issued and paid-up share capital of the Company through Bursa Securities.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

The renewal of approval for the Proposed Share Buy-Back will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the Company's Tenth AGM to be held on 22 June 2010 until:-

(i) the conclusion of the next AGM of the Company at which time it shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of KSL after that date is required by law to be held; or

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

whichever occurs first.

2. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable KSL Group to utilise its surplus financial resources to purchase its own Shares from the market. It may stabilise the supply and demand as well as the prices of KSL Shares traded on the Main Market of Bursa Securities and thereby supporting its fundamental values.

Should KSL Shares be cancelled, either immediately or subsequently after being held as treasury shares, the Proposed Share Buy-Back is expected to strengthen the EPS of the Group and benefit the shareholders of the Company.

The purchased Shares could also be kept as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain for the Company without affecting the total issued and paid-up share capital of the Company. In the event that the treasury shares are distributed as share dividend, it will serve to reward the shareholders of the Company.

The Proposed Share Buy-Back authority is not expected to have any potential material disadvantage to the Company and its shareholders, as it will be exercised only after in depth consideration of the financial resources of KSL Group and of the resultant impact on its shareholders. The Directors in exercising any decision on the Proposed Share Buy-Back authority shall be mindful of the interest of the Company and its shareholders.

3. SOURCES OF FUNDS

The Proposed Share Buy-Back shall be financed through internally generated funds and/or bank borrowings. The actual amount of bank borrowings will depend on the financial resources available at the time of the Proposed Share Buy-Back. The Proposed Share Buy-Back will reduce the cash of the Company by an amount equivalent to the multiple of the purchase price of KSL Shares and the actual number of KSL Shares purchased.

In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient funds to repay the bank borrowings and interest expense and that the repayment will not have a material impact on the cash flows of the Company.

The actual number of KSL Shares to be purchased, the total amount of funds involved for each purchase and timing of purchase(s) will depend on, *inter-alia*, the market conditions and sentiments of the stock markets as well as the availability of financial resources of the KSL Group at the time of the purchase(s).

Based on the audited financial statements of the Company as at 31 December 2009, the retained profits and share premium account of the Company amounted to RM124,075,877 and RM5,064,456 respectively. For information purposes, the latest unaudited retained profits and share premium account of the Company as at 31 March 2010 amounted to RM123,615,181 and RM28,932,457 respectively.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

(i) All things being equal, the Proposed Share Buy-Back shall enhance the EPS of the Group. This is expected to have a positive impact on the market price of KSL Shares, which will benefit the shareholders of KSL.

(ii) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting the fundamental values of KSL Shares.

(iii) If the purchased Shares are retained as treasury shares, it will provide the Board with an option to sell the Shares at a higher price and therefore make an exceptional gain for the Company. Alternatively, the purchased KSL Shares can be distributed as share dividends to the shareholders.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

(i) As the Proposed Share Buy-Back can only be made out of retained profits and the share premium account, it may reduce the financial resources available for distribution to the shareholders of the Company in the immediate future.

(ii) It may result in the Company foregoing other investment opportunities that may emerge in the future with the reduction in financial resources of the KSL Group available after financing the Proposed Share Buy-Back.

In any event, the Directors will be mindful of the interests of KSL and the shareholders in implementing the Proposed Share Buy-Back.

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

On the assumption that the Proposed Share Buy-Back is carried out in full, the effects of the Proposed Share Buy-Back on the share capital, shareholdings of Directors and substantial shareholders of KSL, NA, working capital and EPS are set out below:-

5.1 Share Capital

The effects of the Proposed Share Buy-Back on the share capital of KSL will depend on the intention of the Board with regard to the purchased Shares. In the event that the Proposed Share Buy-Back is carried out in full and the purchased Shares are cancelled, the Proposed Share Buy-Back will result in a reduction in the total issued and paid-up share capital of the Company as follows:-

	As at 7 May 2010	
	No. of Shares	**%**
Authorised Share Capital	1,000,000,000	100.0
Issued and paid-up share capital	390,547,487	100.0
Less:-		
Shares purchased amounting to 10% of the issued and paid-up share capital pursuant to the Proposed Share Buy-Back	*(39,054,749)	(10.0)
Reduces issued and paid-up share capital in the event that the purchased Shares are cancelled	351,492,738	90.0

Note:-
** Includes 4,141,400 KSL Shares that have been purchased and held as treasury shares as at 7 May 2010.*

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

5.2 NA

The effect of the Proposed Share Buy-Back on the consolidated NA per Share is dependent on the purchase price(s) of KSL Shares purchased. If the purchase price is less than the audited NA per Share of the Group at the time of purchase, the consolidated NA per Share will increase. Conversely, if the purchase price exceeds the audited consolidated NA per Share at the time of the purchase, the consolidated NA per Share will decrease.

5.3 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Company, the quantum of which depends on, amongst others, the number of Shares purchased and the purchase prices of the Shares.

For Shares so purchased which are kept as treasury shares, upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

5.4 EPS

The effects of the Proposed Share Buy-Back on the consolidated EPS of KSL would depend on the purchase price and the number of KSL Shares purchased. The effective reduction in the issued and paid-up share capital of the Company pursuant to the implementation of the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the consolidated EPS of KSL.

5.5 Dividends

Subject to the approval of shareholders at the forthcoming Tenth AGM, the Board has on 25 February 2010 recommended the First and Final Dividend of 10% less 25% Income Tax in respect of the year ended 31 December 2009.

The Proposed Share Buy-Back may reduce the amount of distributable reserves available for dividends. However, assuming the Proposed Share Buy-Back is implemented in full and KSL's quantum of dividends is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of KSL as a result of the reduction in the issued and paid-up share capital of KSL.

6. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AND DIRECTORS' SHAREHOLDINGS

The effects of the Proposed Share Buy-Back on the share capital of KSL will depend on the intention of the Board with regards to the purchased Shares. In the event that the Shares purchased are retained as treasury shares, the Proposed Share Buy-Back will have no effect on the issued and paid-up share capital of KSL and the shareholdings of the substantial shareholders and Directors. In the event that the Shares purchased by the Company and subsequently cancelled, the Proposed Share Buy-Back will result in a reduction of the issued and paid-up share capital of the Company.

The table below illustrate the direct and indirect interests of the Directors and substantial shareholders of KSL as at 7 May 2010, being the most practicable date prior to the printing of this Statement assuming that KSL purchases 39,054,749 shares, representing approximately 10% of the Company's issued and paid-up share capital as at that date, from parties other than the Directors and substantial shareholders.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

6. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AND DIRECTORS' SHAREHOLDINGS *(Cont'd)*

Effects of the Proposed Share Buy-Back on Directors' and Substantial Shareholders' Shareholdings

Name	As at 7 May 2010[i]				After Proposed Share Buy-Back[ii]			
	Direct Shareholdings		Indirect Shareholdings		Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Dato' Haji Ishak Bin Ismail	2,680,000	0.69	-	-	2,680,000	0.76	-	-
Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	4.71	146,266,666 [a]	37.85	18,184,667	5.17	146,266,666 [a]	41.61
Ku Tien Sek	12,186,926	3.15	144,800,000 [b]	37.47	12,186,926	3.47	144,800,000 [b]	41.20
Ku Hwa Seng	17,265,752	4.47	144,800,000 [b]	37.47	17,265,752	4.91	144,800,000 [b]	41.20
Lee Chye Tee	-	-	133,333[c]	0.03	-	-	133,333[c]	0.04
Gow Kow	-	-	-	-	-	-	-	-
Goh Tyau Soon	-	-	-	-	-	-	-	-
Tey Ping Cheng	-	-	-	-	-	-	-	-
Substantial Shareholders								
PSSB	144,800,000	37.47	-	-	144,800,000	41.20	-	-
Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	4.71	146,266,666 [a]	37.85	18,184,667	5.17	146,266,666 [a]	41.61
Ku Tien Sek	12,186,926	3.15	144,800,000 [b]	37.47	12,186,926	3.47	144,800,000 [b]	41.20
Ku Hwa Seng	17,265,752	4.47	144,800,000 [b]	37.47	17,265,752	4.91	144,800,000 [b]	41.20
Ku Wa Chong	4,496,630	1.16	144,800,000 [b]	37.47	4,496,630	1.28	144,800,000 [b]	41.20
Lembaga Tabung Haji	34,108,045	8.83	-	-	34,108,045	9.70	-	-

Notes:-
(i) After taking into account the 4,140,400 Shares that have been purchased and held as treasury shares.
(ii) Assuming that the purchase of KSL Shares pursuant to the Proposed Share Buy-Back is based on the maximum number of KSL Shares that may be purchased under the respective scenarios.
(a) Deemed interested by virtue of his interest in PSSB pursuant to Section 6A of the Act and pursuant to Section 134(12)(c) of the Act.
(b) Deemed interested by virtue of their respective interest in PSSB pursuant to Section 6A of the Act.
(c) Deemed interested pursuant to Section 134(12)(c) of the Act.

7. PURCHASE OF SHARES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

During the financial year ended 31 December 2009, the Company had purchased 1,181,000 of its own Shares from the open market at an average price of RM1.116 per share or a total consideration of RM1,317,952.49 and had retained them as treasury shares.

Information on shares purchased by the Company during the financial year ended 31 December 2009 is laid out in page 23 of this Annual Report.

8. PUBLIC SHAREHOLDING SPREAD

As at 7 May 2010, the public shareholding spread of the Company was approximately 47.92%. Assuming the Proposed Share Buy-Back of 10% of the total issued and paid-up share capital of the Company is carried out in full, and the number of KSL Shares held by the substantial shareholders, Directors and persons related to the substantial shareholders and/or Directors remain unchanged, the public shareholding spread of the Company would reduce to approximately 42.79%. However, the Company will ensure that it will not purchase its own Shares which will result in KSL's public shareholding spread falling below the minimum requirement of 25%.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

9. IMPLICATION RELATING TO THE CODE

The substantial shareholders of KSL, namely PSSB, Khoo Cheng Hai @ Ku Cheng Hai, Ku Tien Sek, Ku Hwa Seng and Ku Wa Chong, who are deemed to be persons acting in concert are holding more than 50% of the total issued and paid-up share capital of the Company, collectively, before and after the Proposed Share Buy-Back. However, PSSB owns 144,800,000 KSL Shares individually based on the Register of Substantial Shareholders as at 7 May 2010, representing 37.47% of the total issued and paid-up share capital of the Company. In the event that the Proposed Share Buy-Back of up to 10% is carried out in full in a period of six (6) months, the shareholdings of PSSB in KSL would increase to 41.20% of the total issued and paid-up share capital of the Company, if the number of KSL Shares held by PSSB remains unchanged.

Pursuant to Part II of the Code, if a person or a group of persons acting in concert holding more than 33% but less than 50% of the voting shares of a company and such person or group of persons acting in concert acquiring or intends to acquire in any period of six (6) months more than 2% of the voting shares of the company, there is an obligation to undertake a mandatory general offer for the remaining ordinary shares of the company not already owned by the said person or persons acting in concert.

In addition, pursuant to Practice Note 2.3 of the Code, where a group of persons acting in concert hold more than 50% of the voting shares of the offeree, no obligation under Part II of the Code will arise from any further acquisition by such persons acting in concert unless a single member in the group of persons acting in concert acquires voting shares sufficient to increase his holding to more than 33% of the offeree or, if he holds more than 33% and less than 50%, acquires more than 2% of the voting shares of the offeree in any six (6) months period.

As at the date of this Statement, the Company has yet to decide on the percentage of its own Shares to be purchased under the Proposed Share Buy-Back. However, should the Company decide to purchase its own Shares which will result in PSSB's shareholding in KSL in any period of six (6) months increasing by more than 2% of the voting shares of the Company, it will seek a waiver from the Securities Commission under Practice Note 2.9.10 of the Code before the Company purchases its own Shares resulting the trigger point being breached.

Save as disclosed above, none of the other existing substantial shareholders of KSL is expected to trigger the obligation to undertake the mandatory general offer under the Code as a result of the Proposed Share Buy-Back.

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors or substantial shareholders of the Company or persons connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back.

11. DIRECTORS' RECOMMENDATION

The Board, having considered the rationale for the Proposed Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Share Buy-Back is in the best interests of KSL and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming Tenth AGM to be convened.

Dear Shareholders,

Re: eDividend (Electronic Dividend) service

We are pleased to inform you that KSL Holdings Berhad ("the Company") will be providing eDividend to shareholders to be implemented in the third quarter of 2010. The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders' bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

1. Benefits of eDividend

1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad ("listed issuers") and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques and unauthorized deposit of dividend cheques.

1.2 For those shareholders who have previously opt for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-

(a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and

(b) the option to consolidate the dividends from all your Central Depository System ("CDS") accounts into one bank account for better management.

2. Registration for eDividend

2.1 Registration for eDividend will commence on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia's website at http://www.bursamalaysia.com.

2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-

(a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification.

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

(b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysia Embassy/High Commission.

3. Notification of eDividend payment after registration

3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and email address, if any. This is to enable the Company to issue electronic notification to you either e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if your provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

4.1 Your savings or current account must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer

1. Affin Bank Berhad
2. Alliance Bank Malaysia Berhad
3. AmBank (M) Berhad
4. Bank Islam Malaysia Berhad
5. Bank Muamalat Malaysia Berhad
6. Bank Kerjasama Rakyat Malaysia Berhad
7. Bank of America
8. Bank Simpanan Nasional Berhad
9. CIMB Bank Berhad
10. Citibank Berhad
11. Deutsche Bank Berhad
12. EON Bank Berhad
13. Hong Leong Bank Berhad
14. HSBC Bank Malaysia Berhad
15. Malayan Banking Berhad
16. OCBC Bank (Malaysia) Berhad
17. Public Bank Berhad
18. RHB Bank Berhad
19. Standard Chartered Bank Malaysia Berhad
20. The Royal Bank of Scotland Berhad
21. United Overseas Bank (Malaysia) Bhd

4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorize the disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

4.3 Once you have registered for eDividend, any cash dividend entitlement of which the book closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any query relating to our eDividend service, please do not hesitate to contact our share registrars, Symphony Share Registrars Sdn Bhd, at 03-7841 8000.

Thank you

Yours faithfully
KHOO CHENG HAI @ KU CHENG HAI
Group Managing Director

KSL HOLDINGS BERHAD

(Company No. 511433-P)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ____

of ____

being a member of **KSL HOLDINGS BERHAD** hereby appoint * the Chairman of the meeting or ______________

____

of ____ or

failing whom ____

of ____

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at VIP Hotel, Sunflower Hall, 1st Floor, 1st Mile, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim on Tuesday, 22 June 2010 at 12.00 noon and at any adjournment thereof for/against * the resolution(s) to be proposed thereat.

My/Our Proxy(ies) is(are) to vote as indicated below:-

No.	Resolutions	For	Against
1.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		
6.	Resolution 6		
7.	Resolution 7		
8.	Resolution 8		
9.	Resolution 9		

[Please indicate with (X) in the spaces provided how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion.]

Dated this ………..… day of ……………………..…… 2010

Number of shares held:	

____

(Signature/Common Seal of Member)

Notes:-

- *A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his(her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- *Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he(she) specifies the proportions of his(her) holdings to be represented by each Proxy.*
- *The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
- *The instrument appointing a Proxy must be deposited at the registered office of the Company at Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim not less than forty-eight (48) hours before the time for the Meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary

KSL HOLDINGS BERHAD

(Company No. 511433-P)

Wisma KSL, 148, Batu 1½
Jalan Buloh Kasap
85000 Segamat
Johor Darul Takzim

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AT DATANG

KSL HOLDINGS BERHAD
(511433-P)