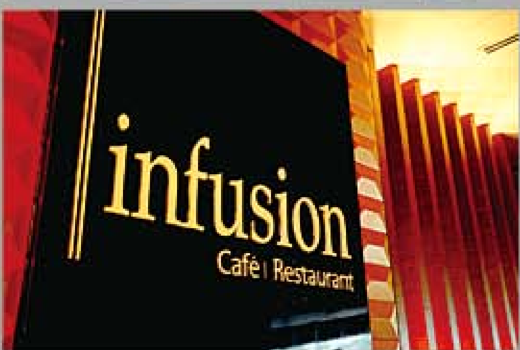
KSL HOLDINGS BERHAD
(511433-P)

ANNUAL REPORT 2011


KSL city
HAPPENING ALWAYS


twilight
Lounge • Bar


infusion
Café | Restaurant

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CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Ku Hwa Seng (Executive Chairman)
2. Khoo Cheng Hai @ Ku Cheng Hai (Group Managing Director)
3. Ku Tien Sek (Executive Director)
4. Lee Chye Tee (Executive Director)
5. Gow Kow (Independent Non-Executive Director)
6. Goh Tyau Soon (Independent Non-Executive Director)
7. 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, Persoft Tower
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

PRINCIPAL BANKERS

1. Malayan Banking Berhad (3813-K)
2. OCBC Bank (Malaysia) Berhad (295400-W)
3. RHB Bank Berhad (6171-M)
4. AmBank (M) Berhad (8515-D)

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 8151
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 4180

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 Twelfth Annual General Meeting of the Company will be held at KSL Resorts, Level G, Infusion Private Room, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Friday, 29 June 2012 at 11.00 a.m. for the following purposes:-

AGENDA

1) To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon.

2) To approve the payment of the Directors' Fees for the year ended 31 December 2011. — Resolution 1

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

   a) Mr. Khoo Cheng Hai @ Ku Cheng Hai — Resolution 2

   b) Mr. Ku Hwa Seng — Resolution 3

4) To re-appoint Messrs. Ernst & Young, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration. — Resolution 4

5) **SPECIAL BUSINESS**
To consider and, if thought fit, pass with or without modifications, the following Resolutions:-

ORDINARY RESOLUTION 1 — Resolution 5
- **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 6
- **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 Eleventh Annual General Meeting of the Company held on 21 June 2011, 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 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 2011 of RM99,413,389 and RM28,868,900 respectively be allocated by the Company for the Proposed Share Buy-Back.

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

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

- **PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION** Resolution 7

"**THAT** the proposed amendments to the Articles of Association of the Company as contained in Appendix I of the Annual Report 2011 ("Proposed Amendments") be and are hereby approved and adopted."

6) 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.

By Order Of The Board
KSL HOLDINGS BERHAD

NG YIM KONG (LS0009297)
Company Secretary
Date: 7 June 2012

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, it 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 i.e. latest by Wednesday, 27 June 2012 at 11.00 a.m. or any adjournment thereof.*

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

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 5 under item 5 of the agenda above, if passed, will empower the Directors of the Company, from the date of the Twelfth 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 share 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.

The general mandate sought to grant authority to Directors to allot and issue of shares is a renewal of the mandate that was approved by the shareholders at the Eleventh Annual General Meeting held on 21 June 2011. The renewal of general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/ or future investment projects, working capital and/ or acquisitions.

Up to date of this Notice, the Company has not issue any shares pursuant to the mandate granted to the Directors at the Eleventh Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

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

The proposed Resolution 6 under item 5 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 100 to 106 of this Annual Report for additional information.

c) PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The proposed Resolution 7 under item 5 is to amend the Company's Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The details of the Proposed Amendments are as set out in Appendix I on pages 7 to 8 of this Annual Report.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 53(1) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 25 June 2012. Only a depositor whose name appears on the Record of Depositors as at 25 June 2012 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in Agenda 3 (Khoo Cheng Hai @ Ku Cheng Hai and Ku Hwa Seng) of the Notice of the Twelfth Annual General Meeting are laid out in page 16 of this Annual Report.

APPENDIX I

SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

THAT the Articles of Association of the Company be amended in the following manner:-

Article No.	Existing Articles	Amended Articles
2 Interpretation	**WORDS** **MEANINGS** - No Provision	**WORDS** **MEANINGS** **Exempt Authorised Nominee** — **An authorised nominee defined under the Central Depositories Act which is exempted from compliance with provisions of subsection 25A(1) of the Central Depositories Act**.
62 Right to vote	Subject to any rights or restrictions for the time being attaching to any class or classes of shares, at meetings of members or of classes of members, each member entitled to vote may vote in person or by proxy or by attorney or by representative and on a show of hands every person present who is a member or a proxy or an attorney or a representative of a member shall have one (1) vote, and on a poll every member present in person or by proxy or by attorney or by representative shall have one (1) vote for every such share he holds.	Subject to any rights or restrictions for the time being attaching to any class or classes of shares, at meetings of members or of classes of members, each member entitled to vote may vote in person or by proxy or by attorney or by representative and on a show of hands every person present who is a member or a proxy or an attorney or a representative of a member shall have one (1) vote, and on a poll every member present in person or by proxy or by attorney or by representative shall have one (1) vote for every such share he holds. **A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.**
67 Proxy to be in writing	The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officers. **A member of a Company entitled to attend and vote at a meeting of a Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy** and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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

68 Number of Proxy	A member may appoint more than one (1) proxy to attend the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.	A member may appoint more than one (1) proxy to attend the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. **Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.**
70 Instrument appointing proxy to be deposited	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office of the Company, or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and I default the instrument of proxy shall not be treated as valid.	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office of the Company, or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and I default the instrument of proxy shall not be treated as valid. **The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.** A member who is not resident in Malaysia or Singapore may by cable or other telegraphic communication appoint a proxy/proxies to vote for him at any General Meeting of the Company PROVIDED:- (a) such cable or other telegraphic communication shall have been received at the Office not less than forty-eight (48) hours before the time for the holding of the General Meeting or adjourned meeting as the case may be at which the person named in such cable or other telegraphic communication proposes to vote; and (b) the Directors are satisfied as to the genuineness of such cable or other telegraphic communication.

GROUP CORPORATE STRUCTURE

KSL Holdings Berhad
(511433-P)

%	Subsidiary	%	Subsidiary
100%	Bintang-Bintang Development Sdn Bhd (118624-U)		
100%	Bintang-Bintang Enterprise Sdn Bhd (109888-U)		
100%	Clarion Housing Development Sdn Bhd (741626-W)		
100%	Eversonic Sdn Bhd (199680-P)		
100%	Exportex Sdn Bhd (150362-V)		
100%	Goodpark Development Sdn Bhd (99464-A)		
100%	Khoo Soon Lee Realty Sdn Bhd (66384-P)		
100%	KSL Properties Sdn Bhd (711917-U)		
100%	Harapan Terang Sdn Bhd (167509-T)	100%	KSL Development Sdn Bhd (313164-T)
100%	Harapan Terang Properties Sdn Bhd (254910-H)		
100%	Harapan Terang Realty Sdn Bhd (64152-M)		
100%	Prosper Plus Industry Sdn Bhd (251713-A)		
100%	KSL Properties Management Sdn Bhd (828043-V)		
100%	Sejota Sdn Berhad (60808-D)		
100%	Sering Cemerlang Sdn Bhd (770091-W)		
100%	Sure Success Properties Sdn Bhd (809424-W)		
100%	Tai Lik Development (Batu Anam) Sdn Bhd (53316-T)		
100%	Villa Bestari Sdn Bhd (689233-H)		

- Investment Holding
- Property Development
- Property Investment and Development
- Property Management
- Property Investment
- Carpark Operator

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of your 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 2011.

FINANCIAL HIGHLIGHTS

KSL Holdings Berhad ("the Company" or "KSLH") recorded a Group consolidated turnover and profit before tax of RM272.3 million and RM112.2 million respectively for the financial year ended 31 December 2011. This represents an increase of 53% and decrease of 32% over the results achieved in the previous financial year respectively. The increase in turnover was mainly attributable to the increase in rental income from investment properties, principally the KSL City Mall as well as the higher take up rate and percentages of completion of the existing ongoing and completed projects. On the other hand, the decrease in profit before tax was principally attributable to a loss in fair value adjustments of investment properties in Year 2011. Nevertheless, excluding the fair value adjustment of investment properties, the Group profit before tax for the year ended 2011 would have been an increase of 44.88% over the last year results, calculated on the same basis.

Your Group's statement of financial position as at 31 December 2011 remained strong with shareholders' funds and total assets of RM946.1 million and RM1,402 million respectively. Net assets per share soared by 10.4% to RM2.45 per share as compared to RM2.22 per share as at 31 December 2010.

HAPPENING EVENT DURING THE FINANCIAL YEAR

CORPORATE EXERCISE

Pursuant to the authority given to the directors of your Company in Extraordinary General Meeting on 21 June 2011, your Board provisionally allotted by way of a renounceable rights issue of up to 96,601,521 Warrants at an issue price of RM0.20 for each Warrant to the shareholders of the Company, on the basis of 1 Warrant for every 4 existing ordinary KSL Shares of RM0.50 held at 5.00 p.m. on 28 July 2011. The rights issue was intended to reward you, the entitled shareholders, with an option to further increase your participation in the equity of your Company.

ECONOMIC AND INDUSTRY OVERVIEW

1. OVERVIEW OF MALAYSIAN ECONOMY

The Malaysian economy recorded a steady pace of growth of 5.1% in 2011 (2010: 7.2%), despite the challenging international economic environment. Growth was lower in the first half of the year, particularly in the second quarter, as the economy was affected by the overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain arising from the natural disaster in Japan. Although the global economic environment became increasingly more challenging and uncertain in the second half-year, Malaysia's economic growth improved due to stronger domestic demand.

Amid the more challenging external environment, Malaysia's economy is projected to experience a steady pace of growth of 4 – 5% in 2012. Domestic demand is expected to remain resilient and will continue to be the anchor for growth. Several measures that were announced in the 2012 Budget are expected to provide support to private consumption. These include the upward revision of public sector wages and the one-off financial assistance to low and middle-income groups. Private investment will be supported by domestic-oriented industries and the ongoing implementation of projects under the Economic Transformation Programme (ETP). The public sector will remain supportive of growth in 2012, with higher capital expenditure by both the Federal Government and the non-financial public enterprises. The implementation of the Special Stimulus Package through Private Financing Initiative that was announced in the 2012 Budget would provide further impetus to real activity during the year.
(Source: 2011 Bank Negara Annual Report)

CHAIRMAN'S STATEMENT *(Cont'd)*

2. OVERVIEW OF MALAYSIAN PROPERTY SECTOR

The property market is anticipated to remain promising, supported by various measures proposed under the 10th Malaysia Plan and Budget 2012. The implementation of the 12 National Key Economic Areas is expected to generate investment exceeding RM1.30 trillion and create 3.30 million job opportunities by the year 2020.

The construction sector is projected to grow strongly at 7% in 2012 (2011: 3.4%) driven by the commencement of large infrastructure projects and vibrant housing construction activities. Meanwhile, the residential sub-sector is expected to expand further supported by stronger demand for housing in line with improving household income, accommodative financing and the Government's continuous support for home ownership, in particular the Program Perumahan Rakyat 1Malaysia (PR1MA) project. Likewise, the non-residential sub-sector is envisaged to remain active, benefiting from the favourable business environment.

Furthermore, as announced in 2012 Annual Budget, the Government proposes to increase the limit of house prices from a maximum of RM220,000 to RM400,000 to expand the My First Home Scheme launched in March 2011 to meet the demand for houses from those earning below RM3,000. This improved scheme will be available to house buyers through joint loans of husband and wife beginning January 2012. Expatriates also contribute to the economic development of the nation. The number of expatriates in Malaysia has increased to 41,000. To provide a more conducive environment for expatriates to continue working in Malaysia, the Government will allow the withdrawal of their Employees Provident Fund (EPF) contributions for the purchase of a house, similar to the facility available to Malaysians.

In addition, measures announced in last budget year and effected throughout this financial year, such as the stamp duty exemption of 50% on instruments of transfer and loan agreement instruments on a house price not exceeding RM350,000 for the first-time house buyers, are expected to support the industry.

3 PROSPECTS OF YOUR GROUP

In line with your Group's aspirations to provide quality and affordable housing, your Group plans to continue developing residential and commercial properties in Johor Bahru, Segamat, Kluang and Muar in the state of Johor. Your Group will continue to build wide range of premium quality products, ranging from deluxe residences with top-class finishes and facilities to small-to-medium sized units with practical and efficient layouts. These developments are anticipated to further strengthen your Group's foothold in landed properties' market in the state of Johor.

As at 31 December 2011, your Group has over 2,000 acres land held for current and future development which are strategically located in the District of Johor Bahru, Batu Pahat, Kluang, Segamat, Muar, Mersing, Klang and Kuala Lumpur. Most of these properties are available for immediate development as they have been granted approval for subdivision. These will help the Group to sustain its medium to long term development and profitability.

Most of the total land held in Johor are located in the high growth Iskandar Development Region. More investment is expected to come from Singapore to the Iskandar Corridor. Your Group is expected to benefit from the effect in view of its strong brand name in the Johor property market as most of its flagship projects are located in the Iskandar Centre.

Besides, your Group plans to develop the land held in Klang into a mixed development projects and is expected to anticipate a gross development value of RM2.5 billion with five (5) main development phases and spans over a period of ten (10) years. The site is strategically located along Jalan Klang-Banting and is 15 minutes drives from the Klang town centre. This mixed development project is expected to entail thousands of units of residential and commercial properties. The project is anticipated to be a success and provides impetus for your Group's future earnings growth.

CHAIRMAN'S STATEMENT *(Cont'd)*

In line with your Group's confidence in the high-end property market and the proven success of your Group in its maiden integrated commercial project, namely KSL City in Johor Bahru, your Group is gradually moving up the value chain by going into medium to high-end property development. Forging ahead, your Group has planned to further venture into another high-end property residential project within the Golden Triangle of Kuala Lumpur. This project will be named Madge 18 and is strategically located at Jalan Madge off Jalan U-Thant, Ampang Hilir, around the U-Thant Embassy area. Madge 18 is designed to be a 10-storey high-end residence with a potential gross development value of RM160 million. It is expected to commence construction work in 2012, subject to the approvals of the relevant authorities.

Besides property development activities, your Group continues to pursue selective investments in order to enhance its portfolio quality and diversity, and to generate stable, predictable returns for shareholders. Your Group's debut mall, KSL City Mall, which opened in December 2010, has successfully delivered attractive rental income to the Group in 2011. In addition, two Giant Hypermarts (in Muar and Nusa Bestari, Johor Bahru) are also contributing positively to your Group's total rental income. In total, your Group has investment properties that are contributing approximately RM46 million of annual rental income, which represents 17% of total revenue in 2011. Going forward, your Group is strongly confident that with favourable market conditions, continuous management effort and innovative promotions and marketing campaigns, KSL City Mall and other investment properties will continue to generate attractive recurring revenue.

In the medium to long term, your Group is optimistic that its growth will be sustainable with its portfolio of existing projects and the visible pipeline of new launches of prime projects in the offering. With the imminent opening of KSL Resort, a luxury hotel consisting of two blocks in the Central Business District (CBD) of Johor Bahru, your Group is anticipating another new source of continuous income.

Above all, your Group is committed to operational efficiency enhancement and good risk management and corporate governance practices. Strategic initiatives are in motion to improve pricing and marketing strategies as well as product development and innovation, reduce operational costs, improve cash flow and ensure better returns moving forward, across all operational divisions. Internal support system is continuously monitored and improved to provide the efficiency and effectiveness necessary to deliver consistent performance.

Barring any unforeseen circumstances, with diligent development planning and introduction of various business improvement initiatives coupled with the favourable industry outlook, the prospects of your Group remains bright.

REVIEW OF THE GROUP DEVELOPMENT ACTIVITIES

During the year, your Group has six (6) major on-going projects on stream in the District of Johor Bahru, Muar and Klang which comprise mixed development of commercial and residential properties. The projects are Taman Nusa Bestari, Taman Bestari Indah, Taman Kempas Indah, Maharani Riviera, KSL City and Bandar Bestari. Three of the projects in Johor Bahru, namely Taman Nusa Bestari, Taman Bestari Indah and Taman Kempas Indah, continued to contribute significantly to your Group's annual turnover and further enhanced your Group's presence as a key player in Johor Bahru. In addition to your Group's traditional strength in constructing landed properties, the completion of KSL City in Johor Bahru, will further strengthen your Group's opportunities in the marketing of high-rise properties and large commercial properties.

CHAIRMAN'S STATEMENT *(Cont'd)*

1. **TAMAN NUSA BESTARI**

Taman Nusa Bestari comprises two (2) parcels of freehold land measuring approximately 227 acres. These pieces of land are located along Jalan Sungai Danga and both sides of the Second Link Highway from Johor Bahru to Singapore. The land lies geographically 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) years. As at 31 December 2011, about 65% 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. This project would spread over a period of eight (8) to ten (10) years to complete and would cover an estimated area of over 700 acres. It 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, Taman Bestari Indah is under active construction and is in various stages of completion. As at 31 December 2011, about 34% 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 the north-east of the Kempas Interchange. This 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 2011, about 24% of the land has been developed and completed.

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 the Straits of Malacca respectively. It lies approximately 1 kilometre from Muar town centre. The land enjoys 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 2011, about 10% of the land has been developed and completed.

5. **KSL CITY**

The KSL City comprises a commercial podium which consists of retail shops, hypermarts, cinemas, car parks, hotel and condominium podiums. It is well located in the heart of Johor Bahru City Centre and is only five (5) minutes drives from Johor Bahru town centre and Johor Bahru new Custom, Immigration and Quarantine (CIQ) to Singapore. The KSL City Mall which was officially opened in December 2010, has become a new landmark in Johor Bahru City Centre. The KSL City Mall enjoys an exciting tenancy mix, featuring a wide variety of upmarket shopping, garment, entertainment and recreational experience. Effective promotions and marketing campaigns boosted mall traffic and drew abundant consumer spending and growing pool of Singaporean shoppers. Construction for both condominiums and hotels are progressing as scheduled and both podiums are expected to be completed by the end of year 2012.

CHAIRMAN'S STATEMENT *(Cont'd)*

6. BANDAR BESTARI

Bandar Bestari, your Group's debut mixed development project in the Klang Valley, marks yet another milestone of your Group. The flagship project is strategically located along Jalan Klang-Banting and about 15 minutes from Klang town centre. It is easily accessible via North Klang Valley Expressway (NKVE), Kesas, Federal Highway and South Klang Valley Expressway (SKVE). To add to its advantage, it is located in close proximity to a few established shopping centres such as the AEON Bukit Tinggi and the Bukit Raja Jusco and a number of mature neighbourhoods such as Bandar Botanic and Bandar Puteri. With approximately 465 acres, the project anticipates a gross development value (GDV) of RM2.5 billion with five (5) main development phases and spans over a period of ten (10) years. As at 31 December 2011, earthwork has been completed, construction has begun and progressed accordingly as planned.

LOOKING AHEAD

Year 2012 will be an exciting year.

Property development will continue to be the principal driver of revenue. Besides striving for the highest quality in current ongoing projects, your Group will continue to unveil well-planned projects which are in response to public demand and in adaption to market trend and changes.

From the property investment perspective, your Board anticipates strong recurrent rental income from investment properties, particularly from the KSL City Mall. The recurrent income is expected to rise on the back of continuous management efforts and positive leasing market conditions.

Your Group's success in venturing into new industry and market augment your Group's confidence in capacity and capability to deliver sustainable growth. Your Board firmly believes that the Group has the propensity to meet challenges and opportunities ahead, and to expand further when the appropriate opportunities arise. With efficient planning and tight cost control, your Group is strongly confident of another good year of strong performance and hence, looks forward to a promising and profitable year ahead.

APPRECIATION

On behalf of your Board, I would like to extend our appreciation and gratitude to you, our valued shareholders, investors, customers, business associates and the regulatory authorities for your continued trust, support and confidence in your 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 dedication towards the advancement of your Group.

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

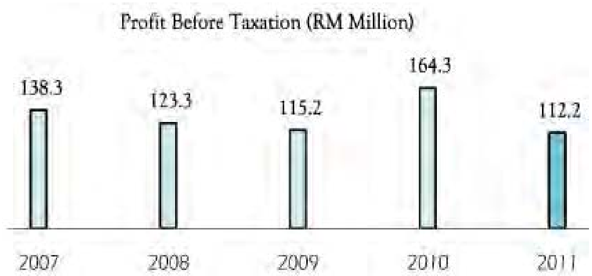
Thank you.

KU HWA SENG
Executive Chairman

FIVE-YEAR FINANCIAL HIGHLIGHTS
YEAR ENDED 31 DECEMBER

	2007	2008	2009	2010	2011
(RM Million)					
Revenue	277.4	216.2	186.2	177.9	**272.3**
Profit Before Taxation	138.3	123.3	115.2	164.3	**112.2**
Shareholders' Funds	585.9	653.1	711.5*	858.7*	**946.0**
(Sen per share)					
Basic Earnings Per Share	33.29	25.67	26.01	31.97	**21.50**
Dividend Per Share - Gross	8.00	5.00	5.00	5.00	**-**

*** Restated (refer to page 45)**



DIRECTORS' PROFILE

KU HWA SENG

Executive Chairman

Ku Hwa Seng, aged 56, Malaysian, was appointed to the Board on 19 November 2001 as an Executive Director and was subsequently appointed as the Executive Chairman of KSL Holdings Berhad ("KSLH" or "the Company") on 24 February 2011. He joined the KSLH Group in 1981 and has since gained vast invaluable experience and built a strong business network over the past thirty (30) 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.

KHOO CHENG HAI @ KU CHENG HAI

Group Managing Director
Members of Remuneration Committee

Khoo Cheng Hai @ Ku Cheng Hai, aged 60, Malaysian, is the founder of the KSLH 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 thirty (30) 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.

KU TIEN SEK

Executive Director

Ku Tien Sek, aged 54, 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 Klang Valley. He is also responsible for the development of the KSLH Group's future expansion plans. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

DIRECTORS' PROFILE

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 48, 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.

GOW KOW

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

Gow Kow, aged 58, 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-nine (29) 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.

DIRECTORS' PROFILE

GOH TYAU SOON

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

Goh Tyau Soon, aged 67, 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 forty (40) 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 43, 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 close 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 four (4) 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 16 to 18 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 2011, 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
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	4/5

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 and 16 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;

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

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

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.

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.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

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

The details of remuneration paid to Directors, in aggregation and analysed into bands of RM50,000 during the financial year ended 31 December 2011 are as follow:-

Remuneration	Executive Directors RM '000	Non-Executive Directors RM '000
Directors' Fees	-	90
Salaries	2,326	-
Allowances	190	17
Bonuses	601	-
Total	3,117	107

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM 50,000	-	3
RM 50,001 to RM 100,000	-	-
RM 100,001 to RM 150,000	-	-
RM 200,001 to RM 250,000	1	-
RM 850,001 to RM 900,000	2	-
RM 950,001 to RM 1,000,000	1	-
Total	4	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 the Main Market Listing Requirements of BMSB 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

• Seminar Percukaian Kebangsaan 2011	18 Oct 2011
• Immediate Disclosure of Material Information, Corporate Disclosure Policy	29 Nov 2011

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

2. Gow Kow

• Workshop on New Public Rulings in 2010 & 2011	06 Apr 2011
• Workshop on Recent Tax Cases 2010 / 2011	16 May 2011
• Financial Reporting Standards for SMEs (ED72)	11 Aug 2011
• Seminar Percukaian Kebangsaan 2011	18 Oct 2011
• Immediate Disclosure of Material Information, Corporate Disclosure Policy	29 Nov 2011
• Workshop on Recent Tax Cases: Successes and Surprises in Court	6 Dec 2011

3. Tey Ping Cheng

• Corporate Tax Issues for YA 2011	17 Mar 2011
• Powers & Liabilities of Directors, Boardroom Issues, Removal of Directors	30 Apr 2011
• National Tax Conference 2011	19 & 20 July 2011
• Workshop on New Public Rulings 2011	14 Sept 2011
• Broadening The Horizon of Company Secretaries	15 Sept 2011
• Seminar Percukaian Kebangsaan 2011	18 Oct 2011
• Immediate Disclosure of Material Information, Corporate Disclosure Policy	29 Nov 2011

4. Khoo Cheng Hai@ Ku Cheng Hai

• Immediate Disclosure of Material Information, Corporate Disclosure Policy	29 Nov 2011

5. Ku Hwa Seng

• Immediate Disclosure of Material Information, Corporate Disclosure Policy	29 Nov 2011

6. Ku Tien Sek

• Immediate Disclosure of Material Information, Corporate Disclosure Policy	29 Nov 2011

7. Goh Tyau Soon

• Immediate Disclosure of Material Information, Corporate Disclosure Policy	29 Nov 2011

(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.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(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.

(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 28 to 29 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.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(4) RELATIONSHIP WITH AUDITORS *(Cont'd)*

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 30 to 34 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.

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

The Company did not sponsor any ADR or GDR programme during the financial year under review.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(4) PROFIT GUARANTEE

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

(5) OPTIONS OR CONVERTIBLE SECURITIES

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

(6) 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 RM82,500.

(7) RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions entered into by the Group during the financial year under review are disclosed in Note 31 to the Financial Statements on pages 85 to 86 of this Annual Report.

(8) SHARE BUY-BACK

There were no share buy-backs by the Company during the financial year under review.

(9) VARIATION OF RESULTS

There was no material variance between the results for the financial year ended 31 December 2011 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 sets out the Group's underlying approach to risk management such as identification, analysis, evaluation and prioritization of risks. It also sets 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 32 to 34 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 2011, 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)	4/5

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 2011 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) ascertaining the extent of compliance with established policies and procedures on evaluation of contractors; and

(f) 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

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 2011.

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 investment, car park and property management.

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

RESULTS

	Group RM	Company RM
Profit net of tax	83,060,946	2,162,169

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 16 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2010 were as follows :

	RM
In respect of the financial year ended 31 December 2010 as reported in the directors' report of that year:	
Final dividend of 10% less 25% taxation, on 386,406,487 ordinary shares, paid on 15 September 2011	14,490,228

The directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS

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

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 10 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 31 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 RM0.50 each			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
Holding in the name of director, spouse or child				
Direct interest				
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)*

RENOUNCEABLE RIGHTS ISSUE

On 26 August 2011, the Company has successfully issued the renounceable rights issue of 96,601,521 warrants at an issue price of RM0.20 for each warrant on the basis of 1 warrant for every 4 existing ordinary shares of RM0.50 each.

TREASURY SHARES

As at 31 December 2011, 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 27 to the financial statements.

OTHER STATUTORY INFORMATION

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

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that 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.

DIRECTORS' REPORT *(Cont'd)*

OTHER STATUTORY INFORMATION *(Cont'd)*

(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 its obligations when they fall due; and

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

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2012.

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 43 to 92 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 2011 and of their financial performance and the cash flows for the year then ended.

The information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance of Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2012.

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 43 to 93 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 24 April 2012) Lee Chye Tee

Before me,
Commissioner of Oath
Periethamby A/L Supaiya
No: J 149

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 statements of financial position of the Group and of the Company as at 31 December 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 92.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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

The supplementary information set out in Note 38 to the financial statements on page 93 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance of Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF 0039
Chartered Accountants

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

Johor Bahru, Malaysia
Date : 24 April 2012

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	272,261,367	177,850,914	4,292,000	4,344,300
Cost of sales	5	(116,743,810)	(77,108,776)	-	-
Gross profit		155,517,557	100,742,138	4,292,000	4,344,300
Other items of income					
Other income	6	5,839,434	93,177,803	-	-
Other items of expense					
Administrative expenses		(24,762,159)	(17,942,419)	(1,363,707)	(1,424,666)
Distribution expenses		(8,994,494)	(5,375,016)	(4,488)	(4,654)
Other expenses		(5,454,309)	(46,004)	-	-
Finance costs	7	(9,934,604)	(6,227,257)	(2,661)	(3,037)
Profit before tax	8	112,211,425	164,329,245	2,921,144	2,911,943
Income tax expense	11	(29,150,479)	(42,676,576)	(758,975)	(756,144)
Profit net of tax, representing total comprehensive income for the year		83,060,946	121,652,669	2,162,169	2,155,799
Earnings per share attributable to owners of the Company (sen):					
Basic/Diluted	12	21.50	31.97		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Group 2011 RM	Group As At 31.12.2010 (Restated) RM	Group As At 31.12.2009 (Restated) RM	Company 2011 RM	Company 2010 RM
Assets						
Non-current assets						
Property, plant and equipment	14	93,579,593	57,045,577	96,880,260	1,492	2,827
Land held for property development	15	555,459,953	477,669,639	425,376,495	-	-
Investment properties	17	426,119,120	425,074,005	198,691,372	-	-
Investments in subsidiaries	18	-	-	-	83,648,955	83,648,955
Deferred tax assets	26	6,786,250	6,506,250	6,314,000	-	-
		1,081,944,916	966,295,471	727,262,127	83,650,447	83,651,782
Current assets						
Property development costs	16	184,514,970	170,787,414	138,607,742	-	-
Inventories	19	40,849,243	52,247,376	63,081,102	-	-
Trade and other receivables	20	75,371,461	35,391,994	40,466,032	317,964,738	284,549,165
Other current assets	21	2,554,165	7,311,600	21,178,371	851	840
Cash and bank balances	22	16,412,473	21,665,825	17,849,974	85,369	63,732
		319,702,312	287,404,209	281,183,221	318,050,958	284,613,737
Total assets		1,401,647,228	1,253,699,680	1,008,445,348	401,701,405	368,265,519
Equity and liabilities						
Current liabilities						
Borrowings	23	52,181,309	4,007,097	20,250,000	-	-
Trade and other payables	24	61,328,319	82,194,565	51,541,570	63,763,548	36,764,678
Other current liabilities	25	17,851,502	28,174,610	14,733,182	-	-
Current tax payable		3,591,866	7,526,346	6,621,398	1,399	474
		134,952,996	121,902,618	93,146,150	63,764,947	36,765,152
Net current assets		184,749,316	165,501,591	188,037,071	254,286,011	247,848,585

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 (Cont'd)

		Group			Company	
			As At			
	Note	2011	31.12.2010 (Restated)	31.12.2009 (Restated)	2011	2010
		RM	RM	RM	RM	RM
Non-current liabilities						
Borrowings	23	190,827,966	163,987,453	116,855,260	-	-
Other payables	24	82,347,968	65,277,466	63,701,345	-	-
Deferred tax liabilities	26	47,455,173	43,803,886	23,267,481	-	-
		320,631,107	273,068,805	203,824,086	-	-
Total liabilities		455,584,103	394,971,423	296,970,236	63,764,947	36,765,152
Net assets		946,063,125	858,728,257	711,475,112	337,936,458	331,500,367
Equity attributable to equity holders of the Company						
Share capital	27	195,273,744	195,273,744	177,723,744	195,273,744	195,273,744
Share premium	27	28,868,900	28,868,900	5,064,456	28,868,900	28,868,900
Treasury shares	27	(4,383,725)	(4,383,725)	(4,383,725)	(4,383,725)	(4,383,725)
Warrants reserve	27	18,764,150	-	-	18,764,150	-
Revaluation reserve	28	18,435,180	19,084,260	20,126,351	-	-
Retained earnings	29	689,104,876	619,885,078	512,944,286	99,413,389	111,741,448
Total equity		946,063,125	858,728,257	711,475,112	337,936,458	331,500,367
Total equity and liabilities		1,401,647,228	1,253,699,680	1,008,445,348	401,701,405	368,265,519

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

	Note	Share capital (Note 27) RM	Warrants Reserve (Note 27) RM	Share premium (Note 27) RM	Treasury shares (Note 27) RM	Revaluation reserve (Note 28) RM	Distributable Retained earnings (Note 29) RM	Total Equity RM
At 1 January 2010, as previously stated		177,723,744	-	5,064,456	(4,383,725)	20,126,351	531,199,211	729,730,037
Effects of adopting FRSIC Consensus 17		-	-	-	-	-	(18,254,925)	(18,254,925)
At 1 January 2010 (restated)		177,723,744	-	5,064,456	(4,383,725)	20,126,351	512,944,286	711,475,112
Revaluation surplus realised		-	-	-	-	(1,042,091)	1,042,091	-
Profit net of tax representative total comprehensive income for the year		-	-	-	-	-	121,652,669	121,652,669
Dividends	13	-	-	-	-	-	(14,490,228)	(14,490,228)
Issuance of ordinary shares pursuant to private placement	27	17,550,000	-	23,868,000	-	-	-	41,418,000
Share issuance expenses		-	-	(63,556)	-	-	-	(63,556)
Effects of adopting FRSIC Consensus 17		-	-	-	-	-	(1,263,740)	(1,263,740)
At 31 December 2010		195,273,744	-	28,868,900	(4,383,725)	19,084,260	619,885,078	858,728,257
At 1 January 2011		195,273,744	-	28,868,900	(4,383,725)	19,084,260	619,885,078	858,728,257
Revaluation surplus realised		-	-	-	-	(649,080)	649,080	-
Profit net of tax representative total comprehensive income for the year		-	-	-	-	-	83,060,946	83,060,946
Dividends	13	-	-	-	-	-	(14,490,228)	(14,490,228)
Issuance of warrants	27	-	19,320,304	-	-	-	-	19,320,304
Warrant issuance expenses	27	-	(556,154)	-	-	-	-	(556,154)
At 31 December 2011		195,273,744	18,764,150	28,868,900	(4,383,725)	18,435,180	689,104,876	946,063,125

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

COMPANY STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2011

		<-------- Non-Distributable			-------->	Distributable	
	Note	Share capital (Note 27) RM	Warrants Reserve (Note 27) RM	Share premium (Note 27) RM	Treasury shares (Note 27) RM	Retained earnings (Note 29) RM	Total Equity RM
At 1 January 2010		177,723,744	-	5,064,456	(4,383,725)	124,075,877	302,480,352
Profit net of tax representative total comprehensive income for the year		-	-	-	-	2,155,799	2,155,799
Dividends	13	-	-	-	-	(14,490,228)	(14,490,228)
Issuance of ordinary shares pursuant to private placement		17,550,000	-	23,868,000	-	-	41,418,000
Share issuance expenses	27	-	-	(63,556)	-	-	(63,556)
At 31 December 2010		195,273,744	-	28,868,900	(4,383,725)	111,741,448	331,500,367
At 1 January 2011		195,273,744	-	28,868,900	(4,383,725)	111,741,448	331,500,367
Profit net of tax representative total comprehensive income for the year		-	-	-	-	2,162,169	2,162,169
Dividends	13	-	-	-	-	(14,490,228)	(14,490,228)
Issuance of warrants	27	-	19,320,304	-	-	-	19,320,304
Warrant issuance expenses	27	-	(556,154)	-	-	-	(556,154)
At 31 December 2011		195,273,744	18,764,150	28,868,900	(4,383,725)	99,413,389	337,936,458

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

STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash flows from operating activities				
Profit before taxation	112,211,425	164,329,245	2,921,144	2,911,943
Adjustments for :				
Interest income	(1,105,690)	(1,032,405)	-	-
Interest expense	9,696,917	6,036,374	-	-
Depreciation of property, plant and equipment	1,413,276	728,699	1,335	1,336
Gain on disposal of subsidiary company	-	(723,406)	-	-
Gain on disposal of investment properties	(80,000)	-	-	-
Fair value adjustments of investment properties	6,705,874	(82,247,495)	-	-
Property, plant and equipment written off	13,030	351	-	-
Loss on disposal of property, plant and equipment	20,756	19,271	-	-
Gain on disposal of land	-	(100,360)	-	-
Gain from compulsory acquisition of land	(213,668)	-	-	-
Operating profit before working capital changes	128,661,920	87,010,274	2,922,479	2,913,279
Property development costs	(58,258,884)	(87,716,384)	-	-
Inventories	55,494,516	89,117,958	-	-
Trade and other receivables	(35,133,110)	8,604,283	(33,415,585)	(40,219,046)
Trade and other payables	(14,118,852)	44,743,228	26,998,871	11,226,997
Cash generated from/(used in) operations	76,645,590	141,759,359	(3,494,235)	(26,078,770)
Interest paid	(9,696,917)	(6,036,374)	-	-
Taxes paid	(29,802,594)	(20,932,096)	(758,050)	(757,720)
Net cash generated from/(used in) operating activities	37,146,079	114,790,889	(4,252,285)	(26,836,490)

STATEMENTS OF CASH FLOW *(Cont'd)*
For the financial year ended 31 December 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash flows from investing activities				
Development expenditure on land held for property development	(77,355,370)	(74,864,430)	-	-
Development expenditure on investment properties	(8,796,939)	(87,952,750)	-	-
Purchase of property, plant and equipment	(37,621,608)	(17,341,271)	-	-
Proceeds from disposal of property, plant and equipment	40,530	161,000	-	-
Proceeds from disposal of subsidiary company	-	10,213,614	-	-
Proceeds from disposal of investment properties	1,100,000	-	-	-
Proceeds from disposal of land	-	458,124	-	-
Interest received	1,105,690	1,032,405	-	-
Proceeds from compulsory acquisition	213,668	-	-	-
Cost of investment properties overprovided in previous year	25,950	164,765	-	-
Net cash used in investing activities	(121,288,079)	(168,128,543)	-	-
Cash flows from financing activities				
Proceeds from issuance of shares	-	41,418,000	-	41,418,000
Proceeds from issuance of warrants	19,320,304	-	19,320,304	-
Payment of share issuance expenses	-	(63,556)	-	(63,556)
Payment of warrant issuance expenses	(556,154)	-	(556,154)	-
Repayment of term loans	(3,709,381)	(1,413,087)	-	-
Repayment of finance lease	(407,534)	(47,624)	-	-
Repayment of revolving credit	-	(6,300,000)	-	-
Repayment of bankers' acceptance	(10,800,000)	(5,050,000)	-	-
Drawdown of term loans	40,700,000	52,000,000	-	-
Drawdown of bankers' acceptance	31,832,000	-	-	-
Dividends paid	(14,490,228)	(14,490,228)	(14,490,228)	(14,490,228)
Net cash generated from financing activities	61,889,007	66,053,505	4,273,922	26,864,216
Net (decrease)/increase in cash and cash equivalents	(22,252,993)	12,715,851	21,637	27,726
Cash and cash equivalents at beginning of financial year	21,665,825	8,949,974	63,732	36,006
Cash and cash equivalents at end of financial year (Note 22)	(587,168)	21,665,825	85,369	63,732

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The 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 described in Note 18. There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial year beginning on or after 1 January 2011 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

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

On 1 January 2011, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemption for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

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

2.2 Changes in accounting policies (Cont'd)

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group.

FRSIC Consensus 17 Development of Affordable Housing ("FRSIC 17")

Prior to 1 January 2011, losses recognised from the development of affordable housing were recognised immediately to the profit and loss upon launching of the affordable housing project.

In the current financial year, the Group has changed its accounting policy in relation to the accounting treatment of the losses incurred for the development of affordable housing to comply with the requirements under FRSIC 17.

In accordance with FRSIC 17, the losses arising from the development of affordable housing are now treated as common cost in the development of premium housing and a corresponding provision in accordance with FRS 137 "Provisions, Contingent Liabilities and Contingent Assets" are recognised and shall be used to set-off against the expenditure incurred in discharging the obligations.

The Group has applied FRSIC 17 retrospectively in accordance with FRS108 Accounting Policies, Changes in Accounting Estimates and Errors.

The effects of the change in the accounting policy are as follows:

	Increase/ (decrease) RM
Group	
31 December 2011	
Statement of financial position	
Land held for property development	36,615,459
Deferred tax assets	6,786,250
Property development costs	1,492,489
Provision of affordable housing	65,252,966
Retained earnings	(20,358,768)
Statement of comprehensive income	
Cost of sales	1,120,103
Income tax	(280,000)
Profit net of tax	(840,103)

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

2.2 Changes in accounting policies *(Cont'd)*

The following comparatives have been restated:

Group	**As previously stated RM**	**Adjustments RM**	**As restated RM**
Statements of financial position			
31 December 2010			
Land held for property development	441,054,180	36,615,459	477,669,639
Deferred tax assets	-	6,506,250	6,506,250
Property development costs	168,174,822	2,612,592	170,787,414
Other payable	24,500	65,252,966	65,277,466
Retained earnings	639,403,743	(19,518,665)	619,885,078
1 January 2010			
Land held for property development	388,761,036	36,615,459	425,376,495
Deferred tax assets	-	6,314,000	6,314,000
Property development costs	136,090,781	2,516,961	138,607,742
Other payable	-	63,701,345	63,701,345
Retained earnings	531,199,211	(18,254,925)	512,944,286

2.3 Standards and interpretations issued but not yet effective

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

	Effective for annual periods beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

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

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

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

Amendments to FRS 7: Transfers of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendments affect disclosure only and have no impact on the Group's financial position or performance.

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, they introduce the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendments affect presentation only and have no impact on the Group's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments affect disclosure only and have no impact on the Group's financial position or performance.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

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

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

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

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

2.4 Basis of consolidation

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

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

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 year. 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 acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

2.5 Subsidiaries

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

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

2.6 Property, plant and equipment, and depreciation

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

2.6 Property, plant and equipment, and depreciation *(Cont'd)*

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

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each 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 equipment	10%
Renovation	10%
Sales office	10%
Site office	10%
Signboard	10%
Furniture and fittings	5% to 10%

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

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

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

2.7 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

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

2.8 Land held for property development and property development costs

(a) 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.

(b) Property development costs

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

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

2.9 Impairment of non-financial assets

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

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

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

2.9 Impairment of non-financial assets *(Cont'd)*

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

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

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

2.10 Inventories

Inventories of completed commercial and residential properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Financial assets

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

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

Loans and receivables

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

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

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

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

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

2.11 Financial assets *(Cont'd)*

Loans and receivables *(Cont'd)*

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

2.12 Impairment of financial assets

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

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

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

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

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

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

2.13 Cash and cash equivalents

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

2.14 Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

2.14 Financial liabilities *(Cont'd)*

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

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

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

2.15 Borrowing costs

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

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

2.16 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

2.16 Income taxes *(Cont'd)*

(b) Deferred tax *(Cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

2.17 Provisions

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

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

2.18 Employee benefits

(a) Short term benefits

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

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

2.18 Employee benefits (Cont'd)

(b) Defined contribution plans

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d).

2.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition citeria must also be met before revenue is recognised:

(a) Sale of development properties

Revenue from sale of development properties is recognised on the "percentage of completion" method as described in Note 2.8(b).

(b) Interest income

Interest income on late payment of progress payments from house purchasers is recognised on receipt basis whilst interest income on short term deposits is recognised on accrual basis.

(c) Dividend income

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

(d) Rental income

Rental income is recognised on the accrual basis in accordance with the substance of the agreements.

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

2.20 Revenue recognition *(Cont'd)*

(e) Services
Revenue from parking management is recognised as and when the services are rendered.

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

(g) Sale of land/goods
Revenue relating to sale of land/goods is recognised upon the transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.21 Share capital and share issuance expenses

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

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

2.22 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Contingencies

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

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

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

3. 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.

(b) Key sources of estimation uncertainty

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

(i) Property development

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

(iii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 20.

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

4. REVENUE

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

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Sales of development properties	223,936,089	167,929,579	-	-
Compensation sum from compulsory acquisition	213,668	-	-	-
Rental income from investment properties	46,026,515	9,198,743	-	-
Carpark operations	1,910,194	-	-	-
Dividend income from subsidiaries	-	-	3,000,000	3,000,000
Management fees from subsidiaries	-	-	1,292,000	1,344,300
Other trade sales	174,901	264,468	-	-
Sales of land	-	458,124	-	-
	272,261,367	177,850,914	4,292,000	4,344,300

5. COST OF SALES

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Property development costs (Note 16)	91,892,194	51,856,462	-	-
Cost of inventories sold	13,944,737	23,615,071	-	-
Post construction cost	107,809	39,636		
Cost of land (Note 15)	-	357,764	-	-
Cost of running investment properties	10,358,083	-	-	-
Other trade cost	440,987	1,239,843	-	-
	116,743,810	77,108,776	-	-

6. OTHER INCOME

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Interest income (Note 8)	1,105,690	1,032,405	-	-
Other rental income (Note 8)	3,570,206	3,071,482	-	-
Sundry income	1,083,538	6,103,015	-	-
Gain on disposal of investment properties	80,000	-	-	-
Gain on disposal of subsidiary company	-	723,406	-	-
Fair value adjustments of investment properties (Note 8 and Note 17)	-	82,247,495	-	-
	5,839,434	93,177,803	-	-

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

7. FINANCE COSTS

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Interest expense on:				
Bank borrowings	870,837	139,203	-	-
Finance lease	31,145	5,076	-	-
Term loans	8,794,935	5,892,095	-	-
Bank charges	237,687	190,883	2,661	3,037
	9,934,604	6,227,257	2,661	3,037

8. PROFIT BEFORE TAX

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Profit before tax is stated after charging/(crediting) :				
Employee benefits expense (Note 9)	14,350,641	10,586,065	1,097,851	1,151,352
Non-executive directors' remuneration (Note 10)				
- Fee	90,000	90,000	90,000	90,000
- Other emoluments	17,000	14,000	17,000	14,000
Auditors' remuneration:				
- Statutory audits	142,500	128,500	25,000	22,000
- Other services	82,500	69,600	9,000	8,000
Direct operating expenses of investment properties :				
- revenue generating during the year	165,719	38,687	-	-
- non-revenue generating during the year	2,232	5,534	-	-
Depreciation of property, plant and equipment (Note 14)	1,413,276	728,699	1,335	1,336
Fair value adjustments of investment properties (Note 6 and Note 17)	6,705,874	(82,247,495)	-	-
Rental of machinery	6,886	9,519	-	-
Other rental income (Note 6)	(3,570,206)	(3,071,482)	-	-
Management fee received from subsidiaries	-	-	(1,292,000)	(1,344,300)
Interest income (Note 6)	(1,105,690)	(1,032,405)	-	-
Loss on disposal of property, plant and equipment	20,756	19,271	-	-
Gain on disposal of investment properties (Note 6)	(80,000)	-	-	-
Gain on disposal of subsidiary company (Note 6)	-	(723,406)	-	-
Gain on disposal of land	-	(100,360)	-	-
Property, plant and equipment written off	13,030	351	-	-

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

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Wages and salaries	12,601,515	9,316,780	977,800	1,025,200
Social security contributions	105,679	78,081	2,715	3,128
Contributions to defined contribution plan	1,357,294	1,002,240	117,336	123,024
Other staff related expenses	286,153	188,964	-	-
	14,350,641	10,586,065	1,097,851	1,151,352

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,451,987 (2010 : RM3,786,150) and RM1,097,851 (2010 : RM1,151,352) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Executive directors' remuneration (Note 9):				
Other emoluments				
- Directors of the Company	3,116,839	2,827,968	1,097,851	1,151,352
- Directors of subsidiaries	2,335,148	958,182	-	-
	5,451,987	3,786,150	1,097,851	1,151,352
Non-executive directors' remuneration (Note 8)				
Fees	90,000	90,000	90,000	90,000
Other emoluments	17,000	14,000	17,000	14,000
	107,000	104,000	107,000	104,000
Total directors' remuneration	5,558,987	3,890,150	1,204,851	1,255,352

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

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Executive:				
Salaries and other emoluments	2,179,080	1,967,280	735,000	787,200
Bonus	601,240	554,770	242,800	238,000
Social security contributions	2,715	3,128	2,715	3,128
Contributions to defined contribution plan	333,804	302,790	117,336	123,024
	3,116,839	2,827,968	1,097,851	1,151,352
Non-executive :				
Fees	90,000	90,000	90,000	90,000
Other emoluments	17,000	14,000	17,000	14,000
	107,000	104,000	107,000	104,000
	3,223,839	2,931,968	1,204,851	1,255,352

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

10. 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 2011	Number of Directors 2010
Executive directors:		
RM50,001 - RM100,000	-	1
RM200,001 - RM250,000	1	1
RM750,001 - RM800,000	-	2
RM850,001 - RM900,000	2	-
RM950,001 - RM1,000,000	1	1
Non-executive directors:		
Below RM50,000	3	3

11. INCOME TAX EXPENSES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current income tax:				
Malaysian income tax	26,130,587	22,150,616	756,980	756,140
(Over)/underprovision in prior years:				
Malaysian income tax	(351,395)	(10,445)	1,995	4
	25,779,192	22,140,171	758,975	756,144
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	(786,216)	20,505,791	-	-
Underprovision in prior years	4,157,503	30,614	-	-
	3,371,287	20,536,405	-	-
Total income tax expense	29,150,479	42,676,576	758,975	756,144

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

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

11. INCOME TAX EXPENSES *(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 :

	2011 RM	2010 RM
Group		
Profit before taxation	112,211,425	164,329,245
Taxation at Malaysian statutory tax rate of 25% (2010 : 25%)	28,052,856	41,082,311
Income not subject to tax	(606,186)	(150,753)
Expenses not deductible for tax purposes	2,629,937	1,537,385
Deferred tax assets not recognised during the year	1,762	6,141
Utilisation of previously unrecognised tax losses	(1,403,977)	(763,909)
Utilisation of previously unrecognised capital allowances	(3,482,042)	-
Deferred tax recognised at different tax rate for fair value adjustment of freehold land	152,021	945,232
Overprovision of income tax expense in prior years	(351,395)	(10,445)
Underprovision of deferred tax in prior years	4,157,503	30,614
Tax expense for the year	29,150,479	42,676,576
Company		
Profit before taxation	2,921,144	2,911,943
Taxation at Malaysian statutory tax rate of 25% (2010 : 25%)	730,286	727,986
Expenses not deductible for tax purposes	26,694	28,154
Underprovision of income tax expense in prior years	1,995	4
Tax expense for the year	758,975	756,144

12. 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.

	2011	2010
Profit net of tax attributable to the owners of the parent (RM)	83,060,946	121,652,669
Weighted average number of ordinary share in issue	386,406,087	380,556,087
Basic earnings per share (sen)	21.50	31.97

As at reporting date, the Company has no potential dilutive ordinary shares in view that the average market price of the Company's shares did not exceed the exercise price of the warrants.

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

13. DIVIDENDS

	Dividends in respect of year		Dividends Recognised in Year	
	2010 RM	2009 RM	2011 RM	2010 RM
Recognised during the year :				
Ordinary final dividend of 10% less 25% taxation on 351,306,087 ordinary shares (3.75 sen per ordinary share)	-	14,490,228	-	14,490,228
Ordinary final dividend of 10% less 25% taxation on 351,306,087 ordinary shares (3.75 sen per ordinary share)	14,490,228	-	14,490,228	-
	14,490,228	14,490,228	14,490,228	14,490,228

14. 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 2011							
Cost							
At 1 January 2011	4,368,886	48,815,064	-	2,077,091	6,132,618	5,636,512	67,030,171
Additions	-	35,305,507	-	189,440	1,322,838	1,203,823	38,021,608
Disposal	-	-	-	-	(160,000)	(4,970)	(164,970)
Written off	-	-	-	(348,616)	(31,860)	(633,350)	(1,013,826)
At 31 December 2011	4,368,886	84,120,571	-	1,917,915	7,263,596	6,202,015	103,872,983
Accumulated depreciation							
At 1 January 2011	1,878,770	-	-	1,283,832	3,583,478	3,238,514	9,984,594
Depreciation charge for the year (Note 8)	23,996	-	-	161,507	695,448	532,325	1,413,276
Disposal	-	-	-	-	(100,000)	(3,684)	(103,684)
Written off	-	-	-	(348,567)	(31,845)	(620,384)	(1,000,796)
At 31 December 2011	1,902,766	-	-	1,096,772	4,147,081	3,146,771	10,293,390
Net carrying amount	2,466,120	84,120,571	-	821,143	3,116,515	3,055,244	93,579,593

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

14. 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 2010							
Cost							
At 1 January 2010	11,055,036	77,279,164	6,334,571	2,108,857	5,323,744	4,824,198	106,925,570
Additions	-	15,381,746	-	250,362	1,170,196	1,138,967	17,941,271
Disposal	-	-	-	-	(361,322)	-	(361,322)
Disposal of subsidiary company	-	-	-	(27,200)	-	(27,224)	(54,424)
Transfer to property development costs (Note 16)	-	(519,414)	-	-	-	-	(519,414)
Transfer to investment properties (Note 17)	(6,686,150)	(43,326,432)	(6,334,571)	-	-	-	(56,347,153)
Written off	-	-	-	(254,928)	-	(299,429)	(554,357)
At 31 December 2010	4,368,886	48,815,064	-	2,077,091	6,132,618	5,636,512	67,030,171
Accumulated depreciation							
At 1 January 2010	1,750,525	-	-	1,431,937	3,696,393	3,166,455	10,045,310
Depreciation charge for the year (Note 8)	128,245	-	-	133,991	68,136	398,327	728,699
Disposal	-	-	-	-	(181,051)	-	(181,051)
Disposal of subsidiary company	-	-	-	(27,198)	-	(27,160)	(54,358)
Written off	-	-	-	(254,898)	-	(299,108)	(554,006)
At 31 December 2010	1,878,770	-	-	1,283,832	3,583,478	3,238,514	9,984,594
Net carrying amount	2,490,116	48,815,064	-	793,259	2,549,140	2,397,998	57,045,577

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

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

	Signboard RM
Company	
At 31 December 2011	
Cost	
At 1 January 2011	27,853
Additions	-
At 31 December 2011	27,853
Accumulated depreciation	
At 1 January 2011	25,026
Depreciation charge for the year (Note 8)	1,335
At 31 December 2011	26,361
Net carrying amount	1,492
At 31 December 2010	
Cost	
At 1 January 2010	27,853
Additions	-
At 31 December 2010	27,853
Accumulated depreciation	
At 1 January 2010	23,690
Depreciation charge for the year (Note 8)	1,336
At 31 December 2010	25,026
Net carrying amount	2,827

* Other property, plant and equipment comprise office equipment, tele-communication equipment, renovation, 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 RM3,010,714 (2010 : RM2,273,314).

(b) During the financial year, the Group acquired plant and equipment with an aggregate cost of RM400,000 (2010 : RM600,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM37,621,608 (2010 : RM17,341,271).

The carrying amount of plant and equipment held under finance leases at the reporting date is RM1,000,000 (2010 : RM811,004).

Leased assets are pledged as security for the related finance lease liabilities (Note 23).

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

15. LAND HELD FOR PROPERTY DEVELOPMENT

	2011 RM
At 31 December 2011	
Cost	
At 1 January	477,669,639
Additions	77,355,370
Transfer to property development costs (Note 16)	(3,971)
Transfer from property development costs (Note 16)	438,915
At 31 December	555,459,953
Carrying amount at 31 December 2011 consisting of:	
At cost	500,962,433
At surrogate cost	54,497,520
	555,459,953

	2010 RM
Cost	
At 1 January, as previously stated	388,761,036
Effects of adopting FRSIC Consensus 17	36,615,459
At 1 January (restated)	425,376,495
Additions	74,864,430
Transfer to property development costs (Note 16)	(22,213,522)
Disposal	(357,764)
At 31 December	477,669,639
Carrying amount at 31 December 2010 consisting of:	
At cost	421,148,037
At surrogate cost	56,521,602
	477,669,639

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.

Freehold land of the Group with the carrying values of RM 214,578,061 (2010 : RM158,297,038) are pledged as securities for borrowings (Note 23).

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

16. PROPERTY DEVELOPMENT COSTS

	2011 RM
Cumulative property development costs at 1 January :	
Freehold land	74,982,427
Development costs	118,301,096
	193,283,523
Cost incurred during the year :	
Development costs	109,412,744
	302,696,267
Provision for foreseeable losses of affordable housing	
At 1 January as previously stated	2,461,312
Recognised during the year	(1,120,103)
At 31 December	1,341,209
Transfers to inventories	(44,096,383)
Transfers to land held for property development	(438,915)
Transfers from land held for property development	3,971
	(44,531,327)
Cumulative costs recognised in profit or loss:	
At 1 January	(24,957,421)
Recognised during the year (Note 5)	(91,892,194)
Reversal of cost previously recognised in profit or loss upon completion	41,858,436
At 31 December	(74,991,179)
Property development costs at 31 December	184,514,970

	2010 RM (Restated)
Cumulative property development costs at 1 January :	
Freehold land	63,985,989
Development costs	111,057,158
	175,043,147
Cost incurred during the year :	
Development costs	73,872,719
	248,915,866

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

16. PROPERTY DEVELOPMENT COSTS *(Cont'd)*

	2010 RM (Restated)
Cumulative costs recognised in profit or loss:	
At 1 January	(38,952,366)
Recognised during the year (Note 5)	(51,856,462)
Reversal of cost previously recognised in profit or loss upon completion	65,851,407
At 31 December	(24,957,421)
Transfers to inventories	(78,365,279)
Transfers from property, plant and equipment (Note 14)	519,414
Transfers to land held for property development	-
Transfers from land held for property development	22,213,522
	(55,632,343)
Provision for foreseeable losses of affordable housing	
At 1 January, as previously stated	-
Effects of adopting FRSIC Consensus 17	4,068,582
At 1 January, restated	4,068,582
Recognised during the year	(1,607,270)
At 31 December (restated)	2,461,312
Property development costs at 31 December	170,787,414

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

	2011 RM	2010 RM
Rental of machinery	2,260,166	1,688,922

17. INVESTMENT PROPERTIES

	Group 2011 RM	2010 RM
At 1 January	425,074,005	198,691,372
Additions	8,796,939	87,952,750
Cost overprovided in prior year	(25,950)	(164,765)
Disposal	(1,020,000)	-
Transfer from property, plant and equipment (Note 14)	-	56,347,153
Fair value adjustments (Note 6)	(6,705,874)	82,247,495
	426,119,120	425,074,005

Investment properties with an aggregate carrying value of RM131,380,000 (2010 : RM126,080,000) are pledged as securities for borrowings (Note 23).

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

17. INVESTMENT PROPERTIES *(Cont'd)*

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. and First Pacific Valuer Property Consultant Sdn. Bhd., an independent professional qualified valuer, using comparison and investment method of valuation.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM	2010 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 2011 %	Equity interest held 2010 %	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. Berhad	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
KSL Properties Management Sdn. Bhd.	Malaysia	100	100	Car park operator
KSL Development Sdn. Bhd.*	Malaysia	100	100	Property investment and development

* Subsidiary of Harapan Terang Sdn. Bhd.

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

19. INVENTORIES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cost				
Properties held for sale	40,849,243	52,247,376	-	-

20. TRADE AND OTHER RECEIVABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current				
Trade receivables	34,527,921	28,130,726	-	-
Other receivables				
Due from subsidiaries	-	-	317,964,738	284,549,165
Deposit for acquisition of land	37,769,363	5,500,000	-	-
Other deposits	1,937,375	1,319,495	-	-
Sundry receivables	1,136,802	441,773	-	-
	40,843,540	7,261,268	317,964,738	284,549,165
Total trade and other receivables	75,371,461	35,391,994	317,964,738	284,549,165
Add: Cash and bank balances (Note 22)	16,412,473	21,665,825	85,369	63,732
Total loans and receivables	91,783,934	57,057,819	318,050,107	284,612,897

(a) Trade receivables

The Group's normal trade credit term ranges from 7 to 30 days. Other credit terms are assessed and approved on a case-by-case basis. The Group has no significant concentration of credit risk that may arise from exposure to a single debtor as to groups of debtors.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:

	2011 RM	2010 RM
Neither past due nor impaired	11,833,154	15,755,975
1 to 30 days past due not impaired	10,752,394	8,753,254
31 to 60 days past due not impaired	5,507,215	2,133,605
61 to 90 days past due not impaired	1,555,776	789,358
91 to 120 days past due not impaired	1,174,796	10,743
More than 121 days past due not impaired	3,704,586	687,791
	34,527,921	28,130,726

<u>Trade receivables that are neither past due nor impaired</u>

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

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

20. TRADE AND OTHER RECEIVABLES *(Cont'd)*

(a) Trade receivables *(Cont'd)*

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM22,694,767 (2010 : RM12,374,751) that are past due at the reporting date but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature.

(b) Other receivables

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

21. OTHER CURRENT ASSETS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Accrued billings in respect of property development costs	2,121,340	7,094,105	-	-
Prepayments	242,263	115,855	851	840
Tax recoverable	190,562	101,640	-	-
	2,554,165	7,311,600	851	840

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and at banks	10,512,473	8,279,412	85,369	63,732
Deposit with licensed bank (Note 32(a))	-	6,034,415	-	-
Repurchase agreement (Note 32(a))	5,900,000	7,351,998	-	-
Cash and bank balances	16,412,473	21,665,825	85,369	63,732
Less: Bank overdrafts (Note 23)	(16,999,641)	-	-	-
Cash and cash equivalents	(587,168)	21,665,825	85,369	63,732

Included in cash and bank balances of the Group is an amount of RM7,231,788 (2010 : RM5,063,623) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and is restricted from use in other operations.

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

23. BORROWINGS

	Group 2011 RM	2010 RM
Short term borrowings		
Secured :		
Bank overdrafts (Note 22)	16,999,641	-
Bankers' acceptance	21,032,000	-
Obligations under finance lease	458,361	294,816
Term loans	13,691,307	3,712,281
	52,181,309	4,007,097
Long term borrowings		
Secured:		
Obligations under finance lease	86,481	257,560
Term loans	190,741,485	163,729,893
	190,827,966	163,987,453
Total borrowings		
Bank overdrafts	16,999,641	-
Bankers' acceptance	21,032,000	-
Obligations under finance lease	544,842	552,376
Term loans	204,432,792	167,442,174
	243,009,275	167,994,550

The secured bank overdrafts and term loans of the Group are secured by certain assets of the Group as disclosed in Notes 15 and 17. The term loans, revolving credit and bankers' acceptance are also secured by corporate guarantees by the Company.

The obligations under finance leases are secured by a charge over the leased assets (Note 14). Other information on financial risks of borrowings are disclosed in Note 32.

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

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade payables				
Third parties	46,787,709	43,662,476	-	-
Other payables				
Amount due to subsidiaries	-	-	63,538,953	36,538,420
Other deposits	1,178,399	16,862,318	-	-
Accruals and provisions	1,994,871	15,619,384	192,362	188,220
Sundry payables	11,367,340	6,050,387	32,233	38,038
	14,540,610	38,532,089	63,763,548	36,764,678
	61,328,319	82,194,565	63,763,548	36,764,678
Non-current				
Other payables				
Deposit payable	17,095,002	24,500	-	-
Provision for foreseeable losses of affordable housing	65,252,966	65,252,966	-	-
	82,347,968	65,277,466	-	-
Total trade and other payables	143,676,287	147,472,031	63,763,548	36,764,678
Add: Loans and borrowings	243,009,275	167,994,550	-	-
Total financial liabilities carried at amortised cost	386,685,562	315,466,581	63,763,548	36,764,678

(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 is unsecured, interest-free and is repayable on demand.

25. OTHER CURRENT LIABILITIES

	Group	
	2011 RM	2010 RM
Progress billings in respect of property development costs	17,851,502	28,174,610

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

26. DEFERRED TAX (ASSETS)/LIABILITIES

	Group 2011 RM	Group 2010 RM
At 1 January, as previously stated	37,297,636	23,267,481
Effects of adopting FRSIC consensus 17	-	(6,314,000)
At 1 January (restated)	37,297,636	16,953,481
Recognised in income statement (Note 11)	3,371,287	20,344,155
At 31 December (restated)	40,668,923	37,297,636
Presented as follows:		
Deferred tax assets	(6,786,250)	(6,506,250)
Deferred tax liabilities	47,455,173	43,803,886
	40,668,923	37,297,636

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

	As at 1 January 2011 RM	Recognised in income statement RM	As at 31 December 2011 RM
Deferred tax assets of the Group:			
Provision for foreseeable loss	(6,506,250)	(280,000)	(6,786,250)
Others	(3,071)	(227,042)	(230,113)
	(6,509,321)	(507,042)	(7,016,363)
Deferred tax liabilities of the Group:			
Investment properties	37,738,533	3,412,241	41,150,774
Revaluation reserve	5,955,514	(216,228)	5,739,286
Accelerated capital allowances	112,910	507,253	620,163
Others	-	175,063	175,063
	43,806,957	3,878,329	47,685,286

	At 1 January 2010, as previously stated RM	Effects of adopting FRSIC consensus 17 RM	Recognised in income statement RM	At 31 December 2010 (restated) RM
Deferred tax assets of the Group:				
Provision for foreseeable loss	-	(6,314,000)	(192,250)	(6,506,250)
Others	(3,071)	-	-	(3,071)
	(3,071)	(6,314,000)	(192,250)	(6,509,321)
Deferred tax liabilities of the Group:				
Investment properties	16,889,882	-	20,848,651	37,738,533
Revaluation reserve	6,257,660	-	(302,146)	5,955,514
Accelerated capital allowances	123,010	-	(10,100)	112,910
	23,270,552	-	20,536,405	43,806,957

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

27. SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND WARRANTS RESERVE

Group and Company

	Number of Ordinary Shares of RM0.50 Each		<---------------- Amount --------------->				
	Share Capital (Issued and Fully Paid)	Treasury Shares	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Warrants Reserve RM	Total Share Capital and Share Premium RM	Treasury Shares RM
At 1 January 2010	355,447,487	4,141,400	177,723,744	5,064,456	-	182,788,200	(4,383,725)
Private placement	35,100,000	-	17,550,000	23,868,000	-	41,418,000	-
Share issuance expenses	-	-	-	(63,556)	-	(63,556)	-
At 31 December 2010	390,547,487	4,141,400	195,273,744	28,868,900	-	224,142,644	(4,383,725)
Issuance of warrants	-	-	-	-	19,320,304	19,320,304	-
Warrant issuance expenses	-	-	-	-	(556,154)	(556,154)	-
At 31 December 2011	390,547,487	4,141,400	195,273,744	28,868,900	18,764,150	242,906,794	(4,383,725)

	Number of Ordinary Shares of RM0.50 Each 2011	2010	Amount 2011 RM	2010 RM
Authorised share capital				
At 1 January/31 December	1,000,000,000	1,000,000,000	500,000,000	500,000,000

Warrants 2011/2016

The main features of the Warrants are as follows :

(i) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, which has been fixed at RM1.60 per share, subject to adjustment in accordance with the provisions of the Deed Poll.

(ii) The warrants may be exercised at any time on or after 26 August 2011 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of five (5) years. The Warrants not exercised during the exercise period shall thereafter lapse and become void.

(iii) The new ordinary shares of RM0.50 each allotted pursuant to the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any dividends that may be declared in respect of the financial year prior to the date of allotment and issue of the new shares, nor shall they be entitled to any rights, allotments, distributions or such entitlements for which the record date is prior to the date of allotment and issuance of the new shares.

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

27. SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND WARRANTS RESERVE *(Cont'd)*

Warrants 2011/2016 *(Cont'd)*
For the purpose hereof, record date means the date on which as at the close of business the shareholders or debenture holders of the Company must be registered in the register of members or Record of Depositors or the relevant register of debenture holders (as the case may be) in order to participate in such dividends, rights, allotments or other distributions.

The number of Warrants unexercised as at reporting date was 96,601,521.

Treasury shares
The shareholders of the Company, by an ordinary resolution passed in Annual General Meeting held on 21 June 2011, 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.

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 has no right to voting, dividends and participation in other distribution.

Of the total 390,547,487 (2010 : 390,547,487) issued and fully paid ordinary shares as at 31 December 2011, 4,141,400 (2010 : 4,141,400) were held as treasury shares by the Company. As at 31 December 2011, the number of ordinary shares in issue after the setoff is therefore 386,406,087 (2010 : 386,406,087) ordinary shares of RM0.50 each.

28. REVALUATION RESERVE

Group	Revaluation reserve-Freehold land RM
At 1 January 2011	19,084,260
Realised revaluation reserve	(649,080)
At 31 December 2011	18,435,180
At 1 January 2010	20,126,351
Realised revaluation reserve	(1,042,091)
At 31 December 2010	19,084,260

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 in prior year.

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

29. 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 2011, the Company has tax exempt profits available for distribution of approximately RM855,000 (2010 : 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 2011.

30. COMMITMENTS

(a) Capital commitments

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Approved and contracted for:				
Acquisition of land	25,583,892	49,500,000	-	-
Construction of investment properties and property, plant and equipment	21,432,470	27,907,270	-	-
	47,016,362	77,407,270	-	-

(b) Operating lease commitments - as lessor

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

	2011 RM	**2010 RM**
Not later than 1 year	8,461,015	8,297,763
Later than 1 year but not later than 5 years	35,918,278	35,615,428
Later than 5 years	11,219,230	19,882,295
	55,598,523	63,795,486

Rental income from investment properties recognised in income statement of the Group during the financial year is disclosed in Note 4.

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

30. COMMITMENTS *(Cont'd)*

(c) Operating lease commitments - as lessee

The future minimum lease payments payable under non-cancellable operating leases contracted for as at the reporting date but not recognised as payables, are as follows :

	2011 RM	2010 RM
Not later than 1 year	-	328,000

(d) Finance lease commitments

The Group has finance lease for motor vehicles. Future minimum lease payments under finance leases are as follows :

	2011 RM	2010 RM
Not later than 1 year	458,361	294,816
Later than 1 year and not later than 2 years	86,481	257,560
	544,842	552,376

31. RELATED PARTY DISCLOSURES

(a) Rental and trading of goods and services

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:

	2011 RM	2010 RM
Company		
Management fees received from the subsidiaries	1,292,000	1,344,300
Group		
Rental received from :		
Bestari Bestmart Sdn. Bhd. (Note a)	1,512,000	1,407,000
Harapan Terang Motor Sdn. Bhd. (Note b)	20,400	20,400
Bintang-Bintang Sdn. Bhd. (Note c)	126,000	126,000
Purchases from :		
Harapan Terang Motor Sdn. Bhd. (Note b)	37,918	31,254
Wawasan Batu-Bata Sdn. Bhd. (Note d)	2,901,384	2,666,466

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 directors of certain subsidiary companies, Ku Wa Chong, Khoo Keng Ghiap, Ku Keng Leong, Ku Ek Mei, Khoo Lee Feng, Ku Keng Yaw have interest.

(d) 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 transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

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

31. RELATED PARTY DISCLOSURES *(Cont'd)*

(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	
	2011 RM	2010 RM	2011 RM	2010 RM
Short-term employee benefits	4,880,400	3,425,950	977,800	1,025,200
Post-employment benefits :				
Social security contributions	6,699	3,128	2,715	3,128
Defined contribution plan	564,888	357,072	117,336	123,024
	5,451,987	3,786,150	1,097,851	1,151,352

Included in the total key management personnel are:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' remuneration	5,451,987	3,786,150	1,097,851	1,151,352

32. 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, 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.

(a) Interest rate risk

The Group's interest rate risk arises primarily from loans and borrowings, repurchase agreements and deposit with licensed bank. 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.

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

(a) Interest rate risk *(Cont'd)*

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the reporting 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 2011									
Floating rate									
Term loans	23	4.86	13,691,307	39,890,807	42,218,206	41,775,348	31,690,108	35,167,016	204,432,792
Obligations under finance lease	23	2.59	458,361	86,481	-	-	-	-	544,842
Bankers' acceptance	23	3.16	21,032,000	-	-	-	-	-	21,032,000
Bank overdraft	23	4.66	16,999,641	-	-	-	-	-	16,999,641
Repurchase agreement	22	2.10	5,900,000	-	-	-	-	-	5,900,000
At 31 December 2010									
Floating rate									
Term loans	23	4.41	3,712,281	11,043,352	33,000,380	33,020,844	32,678,193	53,987,124	167,442,174
Obligations under finance lease	23	2.70	294,816	257,560	-	-	-	-	552,376
Deposit with licensed bank	22	3.00	6,034,415	-	-	-	-	-	6,034,415
Repurchase agreement	22	2.13	7,351,998	-	-	-	-	-	7,351,998

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 30 basis points higher/lower, with all other variables held constant, the Group's profit before tax would have been RM581,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Liquidity risk

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

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

(b) Liquidity risk *(Cont'd)*

The Group and the Company actively manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group 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.

Analysis of financial instruments by remaining contractual maturities

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

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities				
Trade and other payables	61,328,319	17,095,002	65,252,966	143,676,287
Loans and borrowings	62,214,979	176,764,262	39,341,521	278,320,762
Total undiscounted financial liabilities	123,543,298	193,859,264	104,594,487	421,997,049
Company				
Financial liabilities				
Trade and other payables, excluding financial guarantees, representing total undiscounted financial liabilities *	63,763,548	-	-	63,763,548

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Credit risk

The Group's credit risk is primarily attributable to trade receivables. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

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 assets.

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

(c) Credit risk *(Cont'd)*

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by :

– the carrying amount of each class of financial assets recognised in the statements of financial position.

– an amount of RM243,154,554 (2010 : RM171,721,469) relating to a corporate guarantee provided by the Company to banks for credit facilities granted to subsidiaries.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	20
Trade and other payables (current)	24
Loans and borrowings (current)	23
Loans and borrowings (non-current)	23

The carrying amounts of the trade and other receivables and payables are reasonable approximation of their fair values due to their relatively short maturity periods.

The carrying amounts of the current portion of floating rate loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of non-current portion of floating rate loans and borrowings are reasonable approximation of fair values as the interest charge on these loans and borrowings are pegged to, or close to, market interest rates near or at reporting date.

34. SEGMENT INFORMATION

For management purposes, the Group is organised into four major reportable operating segments :

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

(ii) Property management - management of apartments;

(iii) Property investment - investment in real properties;

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

(v) Car park operation - Car park and property management services

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

34. 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.

2011	Property development RM	Property management RM	Property investment RM	Carpark operation RM	Investment holding RM	Eliminations RM	Consolidated RM
Revenue							
External sales							
- Sales of properties	224,324,658	-	-	-	-	-	224,324,658
- Rental income	-	-	46,026,515	-	-	-	46,026,515
- Carpark income	-	-	-	1,910,194	-	-	1,910,194
Inter-segment	-	-	3,195,470	-	4,292,000	(7,487,470)	-
	224,324,658	-	49,221,985	1,910,194	4,292,000	(7,487,470)	272,261,367
Other Income							
- Rental income	3,560,206	-	-	-	-	-	3,560,206
- Others	2,236,615	-	40,551	2,062	-	-	2,279,228
	5,796,821	-	40,551	2,062	-	-	5,839,434
Results							
Segment results	89,212,298	(5,052)	31,391,163	1,623,815	2,923,805	(3,000,000)	122,146,029
Finance costs							(9,934,604)
							112,211,425
Income tax expense							(29,150,479)
Profit net of tax							83,060,946
Assets							
Segment assets	952,616,842	7,157	511,333,450	1,382,813	401,701,405	(465,164,326)	1,401,877,341
Consolidated total assets							1,401,877,341
Liabilities							
Segment liabilities	737,319,098	29,564	36,024,372	178,926	63,764,947	(381,502,691)	455,814,216
Consolidated total liabilities							455,814,216
Other information							
Capital expenditure	1,317,862	-	36,703,746	-	-	-	38,021,608
Depreciation and amortisation	1,149,011	-	262,930	-	1,335	-	1,413,276

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

34. SEGMENT INFORMATION *(Cont'd)*

2010	Property development RM	Property management RM	Property investment RM	Carpark operation RM	Investment holding RM	Eliminations RM	Consolidated RM
Revenue							
External sales							
- Sales of properties	168,652,171	-	-	-	-	-	168,652,171
- Rental income	-	-	9,198,743	-	-	-	9,198,743
Inter-segment	-	-	1,089,216	-	4,344,300	(5,433,516)	-
	168,652,171	-	10,287,959	-	4,344,300	(5,433,516)	177,850,914
Other Income							
- Fair value adjustments	-	-	82,247,495	-	-	-	82,247,495
- Rental income	3,031,482	-	40,000	-	-	-	3,071,482
- Others	7,110,972	-	747,854	-	-	-	7,858,826
	10,142,454	-	83,035,349	-	-	-	93,177,803
Results							
Segment results	77,717,298	(15,350)	92,939,574	-	2,914,980	(3,000,000)	170,556,502
Finance costs							(6,227,257)
							164,329,245
Income tax expense							(42,676,576)
Profit net of tax							121,652,669
Assets							
Segment assets	815,332,984	8,077	474,844,391	-	368,265,519	(404,748,220)	1,253,702,751
Consolidated total assets							1,253,702,751
Liabilities							
Segment liabilities	638,017,427	25,412	41,253,088	-	36,765,152	(321,086,585)	394,974,494
Consolidated total liabilities							394,974,494
Other information							
Capital expenditure	1,790,872	-	104,103,149	-	-	-	105,894,021
Depreciation and amortisation	668,459	-	58,904	-	1,336	-	728,699

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

35. MATERIAL LITIGATIONS

In the previous 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 and the disputed claims are currently pending trial.

No provision is made in the financial statements of the Group as the directors are of the opinion that the Group has fairly good defence to these claims, based on legal opinion sought.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group.

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Borrowings	23	243,009,275	167,994,550	-	-
Trade and other payables	24	143,676,287	147,472,031	63,763,548	36,764,678
Less:					
Cash and bank balances	22	(16,412,473)	(21,665,825)	(85,369)	(63,732)
Net debt		370,273,089	293,800,756	63,678,179	36,700,946
Equity		946,063,125	858,728,257	337,936,458	331,500,367
Total capital		946,063,125	858,728,257	337,936,458	331,500,367
Capital and net debt		1,316,336,214	1,152,529,013	401,614,637	368,201,313
Gearing ratio		28%	25%	16%	10%

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 24 April 2012.

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

38. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 December 2011 and 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group	
	As at 31 December 2011 RM	As at 31 December 2010 RM
Total retained profits of the Company and its subsidiaries:		
- Realised	642,159,588	581,819,167
- Unrealised	109,207,915	100,328,538
	751,367,503	682,147,705
Less: Consolidation adjustments	(62,262,627)	(62,262,627)
Retained profits as per financial statements	689,104,876	619,885,078

	Company	
	As at 31 December 2011 RM	As at 31 December 2010 RM
Total retained profits of the Company and its subsidiaries:		
- Realised	99,413,389	111,741,448
- Unrealised	-	-
	99,413,389	111,741,448
Less: Consolidation adjustments	-	-
Retained profits as per financial statements	99,413,389	111,741,448

LIST OF MAJOR PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2011

No.	Lot No.	Description	Area (sq. ft.)	Existing Use	Tenure	Approximate Age (Year)	Net Book Value as at 31.12.2011 (RM)	Date of Last Revaluation or if none, Date of Acquisition
01.	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	Commercial complex	295,515	KSL City	Freehold	1	210,120,800	15.12.2011
02.	Lot 2437 (CT 13581) Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	10,558,508	Taman Bestari Indah	Freehold	–	144,579,548	27.02.2002
03.	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 and apartment	295,515	KSL City	Freehold	–	137,006,947	21.03.2006
04.	Lot 6412 & Lot 6415 Geran 24269 Mukim of Klang District of Klang Selangor Darul Ehsan	Development land approved for mixed development	16,001,984	Bandar Bestari	Freehold	-	134,623,979	01.11.2007
05.	PTD 84133 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	3,964,470	Taman Kempas Indah	Freehold	–	73,291,802	16.08.2002
06.	PTD 136166 (Partially) Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Commercial complex	186,872	Giant Nusa Bestari	Freehold	3	68,700,000	15.12.2011
07.	Lot 6412 & Lot 6415 Geran 24269 Mukim of Klang District of Klang Selangor Darul Ehsan	Investment land approved for commercial lot	3,442,111	Bandar Bestari	Freehold	-	66,300,000	09.12.2011
08.	Lot 6530 Mukim of Kesang District of Muar Johor Darul Takzim	Commercial complex	175,677	Giant Muar	Leasehold expired on 12.09.2098	5	62,170,000	15.12.2011
09.	HS(D) 258295 PTD 71065 HS(D) 257249 PTD 71047 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Subdivided land under development	1,441,226	Taman Nusa Bestari	Freehold	–	57,994,999	17.04.2003
10.	Lot 51794 Geran 288289 Mukim of Klang District of Klang Selangor Darul Ehsan	Development land	784,349	Vacant Land	Freehold	-	29,358,225	31.01.2011

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 2012

Size of Holdings	No. of Shareholders	No. of Shareholdings	Percentage of Shareholdings (%)
1 – 99	304	11,969	0.00
100 – 1,000	246	181,869	0.05
1,001 – 10,000	2,178	10,117,894	2.63
10,001 – 100,000	651	19,676,825	5.09
100,001 – 19,320,303 (*)	112	178,502,785	46.19
19,320,304 and above (**)	2	177,914,745	46.04
Total	**3,493**	**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 2012

		Direct Shareholdings		Indirect Shareholdings	
No.	**Directors**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	4.71	146,266,666*	37.85
2.	Ku Hwa Seng	17,765,752	4.60	144,800,000**	37.47
3.	Ku Tien Sek	12,186,926	3.15	144,800,000**	37.47
4.	Lee Chye Tee	-	-	133,333***	0.03
5.	Gow Kow	-	-	-	-
6.	Goh Tyau Soon	-	-	-	-
7.	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 2012

No.	Substantial Shareholders	Direct Shareholdings No. of Shares	%	Indirect Shareholdings 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	17,765,752	4.60	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	33,114,745	8.57	-	-

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 2012

No.	Name	No. of Shares	%
1.	Premiere Sector Sdn. Bhd.	144,800,000	37.47
2.	Lembaga Tabung Haji	33,114,745	8.57
3.	Amanahraya Trustees Berhad Public Smallcap Fund	19,103,000	4.94
4.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank NA, Singapore (Julius Baer)	18,382,777	4.76
5.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For J.P. Morgan Bank Luxembourg S.A. held for FTIF - Templeton Emerging Markets Fund	15,000,000	3.88
6.	Khoo Cheng Hai @ Ku Cheng Hai	10,666,666	2.76
7.	Ku Hwa Seng	10,666,666	2.76
8.	Damai Motor Kredit Sdn. Bhd.	9,512,448	2.46
9.	Khoo Cheng Hai @ Ku Cheng Hai	7,518,001	1.95
10.	Ku Tien Sek	7,431,104	1.92
11.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For Royal Bank of Canada (Asia) Limited	6,860,100	1.78
12	Ku Hwa Seng	6,599,086	1.71
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An For American International Assurance Berhad	4,705,167	1.22
14.	Strata Century Sdn. Bhd.	4,674,990	1.21
15.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	3,900,000	1.01
16.	Ku Tien Sek	3,555,556	0.92
17.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	3,432,100	0.89
18.	Ku Wa Chong	3,339,912	0.86
19.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For RBC Dexia Investor Services Trust	2,703,400	0.70

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 7 MAY 2012 *(Cont'd)*

No.	Name	No. of Shares	%
20.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Credit Suisse	2,416,100	0.63
21.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	1,678,400	0.43
22.	Citigroup Nominees (Asing) Sdn. Bhd. Citigroup GM IPB For CIM Global Property Fund Ltd	1,500,000	0.39
23.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Khoo Keng Ghiap	1,466,666	0.38
24.	Ku Tien Sek	1,200,266	0.31
25.	Ku Wa Chong	1,156,718	0.30
26.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Berhad For Maakl Al-Fauzan	1,059,700	0.27
27.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	1,044,200	0.27
28.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	1,043,800	0.27
29.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For HSBC Private Bank (Suisse) S.A.	1,000,000	0.26
30.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad	1,000,000	0.26

ANALYSIS OF WARRANT HOLDINGS

No. of Warrants in issue	:	96,601,521
No. of Warrant Holders	:	1,182
Exercise Price of Warrants	:	RM1.60 per share
Voting Rights	:	One (1) Vote per warrant holder on show of hands One (1) Vote per warrant holder on a poll of warrant holders } in the meeting of warrant holders

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 7 MAY 2012

Size of Warrant Holdings	No. of Warrant Holders	(%)	No. of Warrants	(%)
1 – 99	10	0.85	349	0.00
100 – 1,000	323	27.32	236,721	0.25
1,001 – 10,000	582	49.24	2,197,724	2.28
10,001 – 100,000	200	16.92	6,824,489	7.06
100,001 – 4,830,075 (*)	65	5.50	46,185,408	47.81
4,830,076 and above (**)	2	0.17	41,156,830	42.60
Total	**1,182**	**100.00**	**96,601,521**	**100.00**

Notes:
* *Less than 5% of Issued Holdings*
** *5% and above of Issued Holdings*

DIRECTORS' WARRANT HOLDINGS AS AT 7 MAY 2012

		Direct Holdings		IndirectHoldings	
No.	**Directors**	**No. of Warrants**	**%**	**No. of Warrants**	**%**
1.	Khoo Cheng Hai @ Ku Cheng Hai	6,836,330	7.08	36,566,666*	37.85
2.	Ku Hwa Seng	6,390,571	6.62	36,200,000**	37.47
3.	Ku Tien Sek	3,965,676	4.11	36,200,000**	37.47
4.	Lee Chye Tee	-	-	-	-
5.	Gow Kow	-	-	-	-
6.	Goh Tyau Soon	-	-	-	-
7.	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.*

ANALYSIS OF WARRANT HOLDINGS *(Cont'd)*

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 7 MAY 2012

No.	Name	No. of Warrants	%
1.	Premiere Sector Sdn. Bhd.	36,200,000	37.47
2.	Khoo Cheng Hai @ Ku Cheng Hai	4,956,830	5.13
3.	Ku Hwa Seng	4,615,800	4.78
4.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank NA, Singapore (Julius Baer)	4,468,194	4.63
5.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For Royal Bank of Canada (Asia) Limited	2,823,000	2.92
6.	Amanahraya Trustees Berhad Public Smallcap Fund	2,488,250	2.58
7.	Amanahraya Trustees Berhad Public Far-East Property & Resorts Fund	2,306,750	2.39
8.	Khoo Cheng Hai @ Ku Cheng Hai	1,879,500	1.95
9.	Teo Ah Seng	1,874,600	1.94
10.	Ku Tien Sek	1,857,776	1.92
11.	Damai Motor Kredit Sdn. Bhd.	1,823,737	1.89
12.	Ku Hwa Seng	1,649,771	1.71
13.	Ku Tien Sek	1,560,000	1.61
14.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Credit Suisse	1,556,800	1.61
15.	Strata Century Sdn. Bhd.	947,597	0.98
16.	Tokio Marine Life Insurance Malaysia Bhd As beneficial Owner	945,000	0.98
17.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	896,550	0.93
18.	Ku Wa Chong	834,978	0.86
19.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For RBC Dexia Investor Services Trust	698,325	0.72
20.	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt An For Credit Industriel ET Commercial	602,000	0.62
21.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Yeoh Kok Keat	597,100	0.62
22.	A. A. Anthony Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Seng Low	570,000	0.59
23.	Ku Tien Sek	547,900	0.57
24.	Tee See Kim	540,800	0.56
25.	HLG Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account For Teo Ah Seng	487,000	0.50
26.	Lim Chian Peng	480,000	0.50
27.	Maybank Securities Nominees (Asing) Sdn. Bhd. Kim Eng Securities Pte Ltd For MGF Capital Limited	404,200	0.42
28.	Lim Chian Peng	384,500	0.40
29.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Khoo Keng Ghiap	366,666	0.38
30.	Ong Kar Eng	350,000	0.36

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, 2010
"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
"Warrants"	:	96,601,521 Warrants in KSL, each warrant carrying a right to subscribe for one (1) share at RM1.60 in accordance with the terms and conditions as set out in the deed poll dated 14 July 2011
"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 8 May 2012, the Company announced that the approval granted by the shareholders at the Eleventh AGM of KSL held on 21 June 2011 for the Company to purchase its own shares shall expire at the conclusion of the forthcoming Twelfth AGM and that the Company proposed to seek a renewal of the approval from the shareholders at the forthcoming Twelfth AGM to be held on 29 June 2012, 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 Twelfth AGM to be held on 29 June 2012 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, the alternative business opportunities available and 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).

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

Based on the audited financial statements of the Company as at 31 December 2011, the retained profits and share premium account of the Company amounted to RM99,413,389 and RM28,868,900 respectively. For information purposes, the latest unaudited retained profits and share premium account of the Company as at 31 March 2012 amounted to RM98,946,640 and RM28,868,900 respectively.

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 its 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:-

1.1 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:-

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

	Minimum Scenario (1)		Maximum Scenario (2)	
	No. of Shares	RM	No. of Shares	RM
Authorised Share Capital	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and paid-up share capital	390,547,487	195,273,744	390,547,487	195,273,744
Add:- Assuming full exercise of the of Warrants	-	-	96,601,521	48,300,761
	390,547,487	195,273,744	487,149,008	243,574,505
Less:- Shares purchased amounting to 10% of the issued and paid-up share capital pursuant to the Proposed Share Buy-Back	*(39,054,749)	*(19,527,375)	*(48,714,901)	*(24,357,451)
Upon completion of the Proposed Share Buy-Back	351,492,738	175,746,369	438,434,107	219,217,054

Note:-
1. *Assuming none of the Warrant is exercised prior to the Proposed Share Buy-Back.*
2. *Assuming all the Warrants are fully exercised into new KSL Shares and 10% of the KSL Shares are fully purchased.*

* *Includes 4,141,400 KSL Shares that have been purchased and held as treasury shares as at 7 May 2012.*

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.

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

5.5 Dividends

The Proposed Shareholders' Mandate for Share Buy-Back is not expected to adversely affect the payment of dividends to shareholders. If the amount of dividends to be paid remain in the same in Ringgit term as in the previous year and as there will be less Share qualifying for dividends, the remaining shareholders would potentially receive a higher dividend payment.

On the other hand, if the percentage of dividend payable remains the same as before the Share Buy-Back, the Proposed Shareholders' Mandate for Share Buy-Back will not affect the amount of dividend received by the shareholders. However, if the Shares so purchased are retained as Treasury Shares, they can be used for subsequent payment of dividends in the form of share dividends.

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 Proforma effect on the direct and indirect interests of the Directors and substantial shareholders of KSL as at 7 May 2012, being the most practicable date prior to the printing of this Statement has been shown based on the following minimum scenario and maximum scenario:-

Minimum Scenario

Assuming none of the Warrants are exercised prior to the Proposed Share Buy-Back

Name	As at 7 May 2012[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								
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	17,765,752	4.60	144,800,000 [b]	37.47	17,765,752	5.05	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	17,765,752	4.60	144,800,000 [b]	37.47	17,765,752	5.05	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	33,114,745	8.57	-	-	33,114,745	9.42	-	

(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.
(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.

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

Maximum Scenario

Assuming all the Warrants are fully exercised into new KSL Shares and 10% of KSL Shares are fully purchased.

Name	As at 7 May 2012[i]				Assuming Warrants are fully exercised into new KSL Shares and 10% of the KSL Shares are fully purchased [ii]			
	Direct Shareholdings		Indirect Shareholdings		Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	4.71	146,266,666 [(a)]	37.85	25,020,997	5.71	182,833,332 [(a)]	41.70
Ku Tien Sek	12,186,926	3.15	144,800,000 [(b)]	37.47	16,152,602	3.68	181,000,000 [(b)]	41.28
Ku Hwa Seng	17,765,752	4.60	144,800,000 [(b)]	37.47	24,156,323	5.51	181,000,000 [(b)]	41.28
Lee Chye Tee	-	-	133,333 [(c)]	0.03	-	-	133,333 [(c)]	0.03
Gow Kow	-	-	-	-	-	-	-	-
Goh Tyau Soon	-	-	-	-	-	-	-	-
Tey Ping Cheng	-	-	-	-	-	-	-	-
Substantial Shareholders								
PSSB	144,800,000	37.47	-	-	181,000,000	41.28	-	-
Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	4.71	146,266,666 [(a)]	37.85	25,020,997	5.71	182,833,332 [(a)]	41.70
Ku Tien Sek	12,186,926	3.15	144,800,000 [(b)]	37.47	16,152,602	3.68	181,000,000 [(b)]	41.28
Ku Hwa Seng	17,765,752	4.60	144,800,000 [(b)]	37.47	24,156,323	5.51	181,000,000 [(b)]	41.28
Ku Wa Chong	4,496,630	1.16	144,800,000 [(b)]	37.47	5,331,608	1.22	181,000,000 [(b)]	41.28
Lembaga Tabung Haji	33,114,745	8.57	-	-	33,114,745	7.55	-	-

(i) After taking into account the 4,140,400 Shares that have been purchased and held as treasury shares.
(ii) Assuming Warrants are fully exercised into KSL Shares and 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.
(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 2011

The Company did not purchase its own Shares from the open market during the financial year ended 31 December 2011.

8. PUBLIC SHAREHOLDING SPREAD

The public shareholding spread of 25% of the issued and paid-up share capital of the Company was maintained at all times. Based on the Record of Depositors of the Company as at 7 May 2012, the public shareholding spread of KSL is 48.50%.

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 2012, 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 and there is no exercise of the Warrants 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.

On the other hand, assuming the Proposed Share Buy-Back is carried out in full and the Warrants are exercised in full in a period of six (6) months, the shareholdings of PSSB in KSL would increase to 181,000,000 ordinary shares representing 41.28% of the total issued and paid-up share capital of the Company.

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 Twelfth AGM to be convened.

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 ____

Proxy(ies) to vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at KSL Resorts, Level G, Infusion Private Room, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Friday, 29 June 2012 at 11.00 a.m. 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		

[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 ……………………..…… 2012

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, it 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 i.e. latest by Wednesday, 27 June 2012 at 11.00 a.m. 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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月圆 中秋
情系家佳乐


KEMPEN MENCEGAH

KSL HOLDINGS BERHAD
(511433-P)