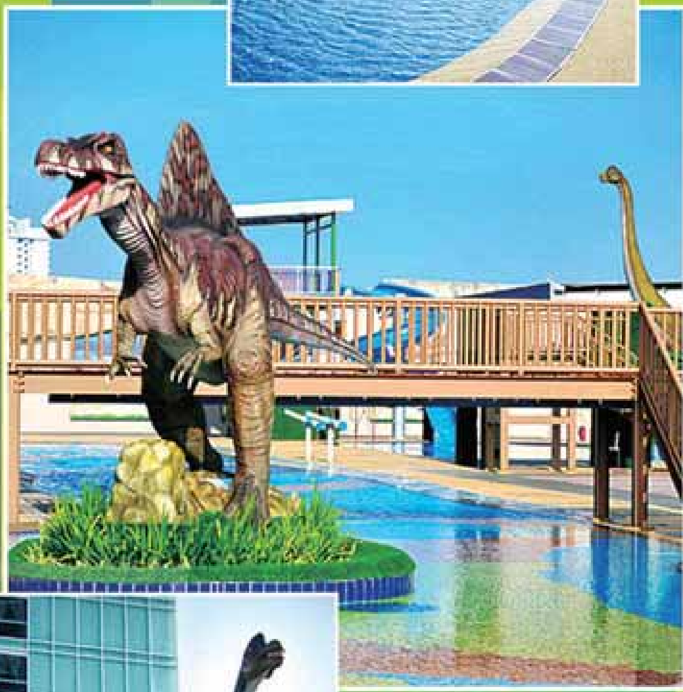
KSL HOLDINGS BERHAD
(511433-P)

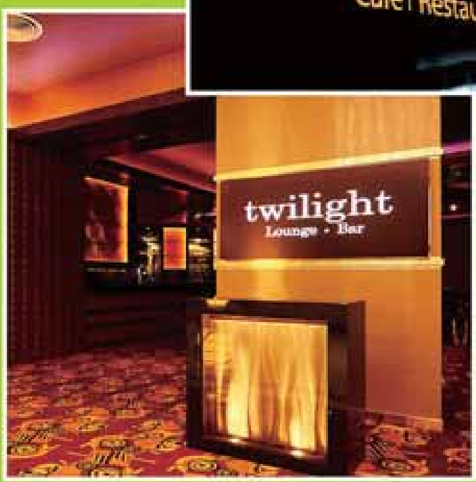





2012
ANNUAL REPORT




infusion
Café | Restaurant


twilight
Lounge · Bar

CONTENTS

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

Goh Tyau Soon (Independent Non-Executive Director)
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

3. YK Chin
   144B Jalan Sri Pelangi, Taman Pelangi
   80400 Johor Bahru, Johor Darul Takzim
   Tel: 07-331 9939 / Fax: 07-331 8939

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 Thirteenth 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, 28 June 2013 at 11.00 a.m. for the following purposes:-

AGENDA

1)	To receive the Audited Financial Statements for the year ended 31 December 2012 together with the Directors' and Auditors' Reports thereon.	Please refer to Note B on this Agenda
2)	To approve the payment of the Directors' Fees for the year ended 31 December 2012.	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. Tey Ping Cheng	Resolution 2
	b) Mr. Ku Tien Sek	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 authorized 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 Twelfth Annual General Meeting of the Company held on 29 June 2012, 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 2012 of RM189,500,730 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."

6) **ORDINARY RESOLUTION 3** Resolution 7
- **RETENTION OF INDEPENDENT DIRECTOR, MR. GOW KOW**

"THAT Mr. Gow Kow be retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

7) **ORDINARY RESOLUTION 4** Resolution 8
- **RETENTION OF INDEPENDENT DIRECTOR, MR. GOH TYAU SOON**

"**THAT** Mr. Goh Tyau Soon be retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

8) **ORDINARY RESOLUTION 5** Resolution 9
- **RETENTION OF INDEPENDENT DIRECTOR, MR. TEY PING CHENG**

"**THAT** Mr. Tey Ping Cheng be retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

9) 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: 6 June 2013

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

Notes: -

A. Appointment of Proxy

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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 limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) 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.

(vi) 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, 26 June 2013 at 11.00 a.m. or any adjournment thereof.

B. Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Explanatory Notes on Special Business:-

i) 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 Thirteenth 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 Twelfth Annual General Meeting held on 29 June 2012. 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 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 Twelfth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

ii) 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 110 to 116 of this Annual Report for additional information.

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

iii) RETENTION AS INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY PURSUANT TO THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 (RESOLUTION 7, 8 AND 9)

(a) Mr. Gow Kow

Mr. Gow Kow was appointed as an Independent Non-Executive Director of the Company on 19 November 2001 and has therefore served for more than nine (9) years. As at the date of the notice of the 13th AGM, he has served the Company for more than 11 years. However, he has met the independence criteria as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"). The Board, therefore, considers him to be independent and believes that he should be retained as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on page 24 of this Annual Report.

(b) Mr. Goh Tyau Soon

Mr. Goh Tyau Soon was appointed as an Independent Non-Executive Director of the Company on 15 April 2002 and has therefore served for more than nine (9) years. As at the date of the notice of the 13th AGM, he has served the Company for more than 11 years. However, he has met the independence criteria as set out in Chapter 1 of the MMLR. The Board, therefore, considers him to be independent and believes that he should be retained as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on page 24 of this Annual Report.

(c) Mr. Tey Ping Cheng

Mr. Tey Ping Cheng was appointed as an Independent Non-Executive Director of the Company on 15 April 2002 and has therefore served for more than nine (9) years. As at the date of the notice of the 13th AGM, he has served the Company for more than 11 years. However, he has met the independence criteria as set out in Chapter 1 of the MMLR. The Board, therefore, considers him to be independent and believes that he should be retained as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on page 24 of this Annual Report.

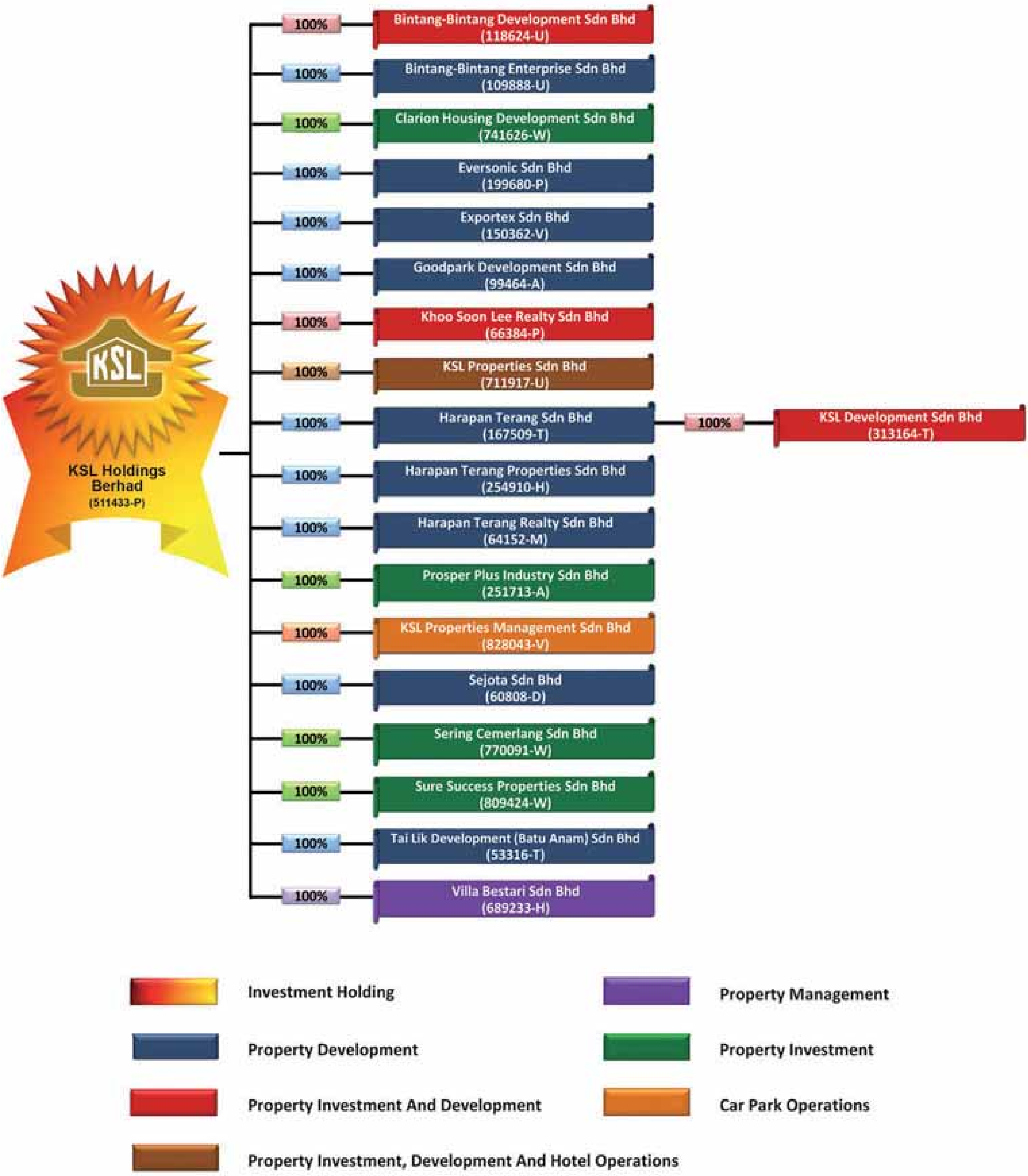
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in Agenda 4 (Tey Ping Cheng and Ku Tien Sek) of the Notice of the Thirteenth Annual General Meeting are laid out in pages 15 to 17 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 21st June 2013. Only a depositor whose name appears on the Record of Depositors as at 21st June 2013 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

GROUP CORPORATE STRUCTURE



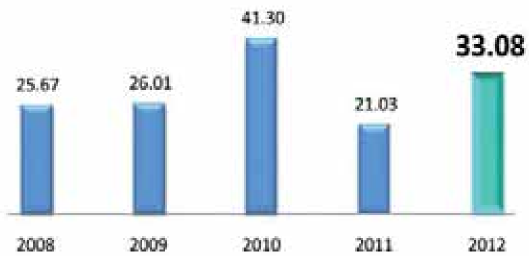
FIVE-YEAR FINANCIAL HIGHLIGHTS YEAR ENDED 31 DECEMBER

		2008	2009	2010	2011	2012
OPERATING RESULTS (RM Million)						
Revenue		216.2	186.2	177.9	272.3	**402.9**
Profit Before Taxation		123.3	115.2	164.3 *	112.2 *	**173.0**
Shareholders' Funds		653.1	729.7	894.3 *	979.8 *	**1,107.6**
SHARE INFORMATION						
Basic Earnings Per Share	Sen	25.67	26.01	41.30 *	21.03 *	**33.08**
Dividend Per Share - Gross	Sen	5.00	5.00	5.00	-	**-**

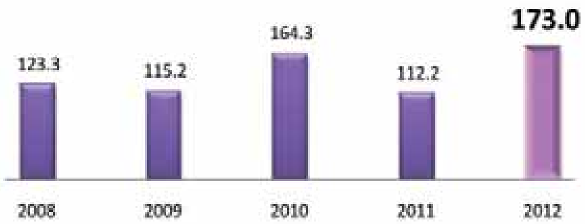
* Restated due to adoption of FRS 112

Revenue (RM Million)

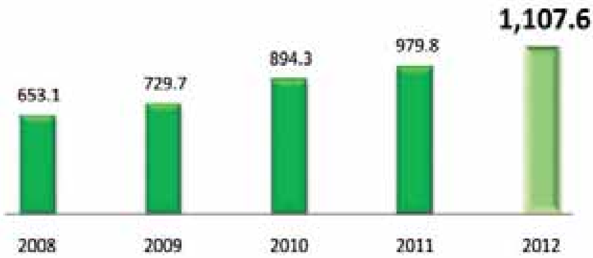
Basic Earnings Per Share Adjusted (Sen)



Profit Before Taxation (RM Million)



Shareholders' Fund (RM Million)



Dividend Per Share (Sen)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of 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 2012.

FINANCIAL HIGHLIGHTS

KSL Holdings Berhad ("the Company" or "KSLH") recorded a Group consolidated turnover and profit before tax of RM402.9 million and RM173.0 million respectively for the financial year ended 31 December 2012. This represents an increase of 48% and 54% over the results achieved in the previous financial year respectively. The increase in turnover was mainly attributable to the higher take up rate and percentages of completion of existing ongoing and completed mixed development projects, especially KSL City Condominium. Revenue generated from hotel operation formed a major part of the increase in current year's revenue as well.

Your Group's statement of financial position as at 31 December 2012 remained strong with shareholders' funds and total assets of RM1,107.6 million and RM1,626.7 million respectively. Net assets per share soared by 13.0% to RM2.87 per share as compared to RM2.54 per share as at 31 December 2011.

ECONOMIC AND INDUSTRY OVERVIEW

1. OVERVIEW OF MALAYSIAN ECONOMY

The Malaysian economy performed better than expected in 2012, recording a strong growth of 5.6%. The overall growth performance was driven by higher growth in domestic demand, which outweighed the negative impact from the weak external environment. Domestic demand recorded the highest rate of expansion over the recent decade, underpinned by higher consumption and investment spending. Despite the uncertainties in the external environment, domestic consumer confidence picked up amidst positive income growth, continued strength in the labour market, the low inflation environment and supportive financing conditions.

The Malaysian economy is expected to remain on a steady growth path, with an expansion of 5% - 6% in 2013. Economic activity will be anchored by the continued resilience of domestic demand, and supported by a gradual improvement in the external sector. Private investment is expected to remain robust, driven by capacity expansion by the domestic-oriented firms and the continued implementation of projects with long gestation periods. Investments by the external-oriented businesses are also expected to be higher amid the gradual improvement in external demand. In line with the more favourable external sector, gross exports are projected to record a higher growth in 2013 supported by the export of manufactured products.
(Source: 2012 Bank Negara Annual Report)

2. OVERVIEW OF MALAYSIAN PROPERTY SECTOR

The property market is anticipated to remain promising, supported by various measures proposed under 10th Malaysian Plan and Budget 2013. The implementation of the 12 National Key Economic Areas is expected to generate investment exceeding RM 1.30 trillion and create 3.30 million jobs opportunities by the year 2020.

The construction sector is envisaged to expand strongly by 11.2% in 2013 (2012: 15.5%), with all subsectors registering steady growth. The sector is expected to benefit from the acceleration of ongoing mega construction activities, particularly from the ETP (Economic Transformation Programme) and RP2 (Second Rolling Plan) construction-related projects.

Meanwhile, the residential subsector is also projected to expand, albeit at a moderate pace, after recording several years of strong growth. It is supported by stronger demand for housing in line with improving household income, accommodative financing and the Government's continuous support for home ownership.
(Source: Economic report 2012/2013)

CHAIRMAN'S STATEMENT *(Cont'd)*

2. OVERVIEW OF MALAYSIAN PROPERTY SECTOR *(Cont'd)*

As announced in 2013 Annual Budget, the Government proposes to increase the income limit for individual loans from RM3,000 to RM5,000 per month or joint loans of husband and wife of up to RM10,000 per month to expand the My First Home Scheme launched in March 2011. In addition, the requirement for a savings record equivalent to 3 months installment and minimum employment of 6 months will be abolished. To further provide a more conducive environment for expatriates to continue working in Malaysia, the Government proposes to allow the withdrawal of their Employees Provident Fund contributions for the purchase of a house, similar to the facility available to Malaysians.

In addition, measures announced in the last budget years 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. This exemption is extended to 31 December 2014 with the price limit on residential properties raised to RM400,000.
(Source: 2013 Annual Budget)

3 PROSPECTS OF YOUR GROUP

In line with your Group's aspirations to provide quality 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 2012, your Group has approximately 2,100 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 your 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 Development Region. 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 Development Region.

Besides, Your Group is in the midst of developing the land held in Klang and is expected to have a gross development value of RM2.5 billion with five (5) main development phases. The site is strategically located along Jalan Klang-Banting and is 15 minute drive 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.

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 from 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.

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. Currently, your Group has investment properties including hotel and mall operation that are contributing approximately RM85 million of annual rental income, which represents 21% of total revenue in 2012. Going forward, your Group is strongly confident that with favourable market conditions, continuous management effort and innovative promotions and marketing campaigns, KSL City Mall, hotel and other investment properties will continue to generate attractive recurring revenue.

CHAIRMAN'S STATEMENT *(Cont'd)*

3 PROSPECTS OF YOUR GROUP *(Cont'd)*

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 opening of KSL Resort in April 2012, a luxury hotel consisting of two blocks in the Central Business District of Johor Bahru, your Group has 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 YOUR GROUP DEVELOPMENT ACTIVITIES

During the year, your Group has six (5) major on-going projects on stream in the District of Johor Bahru and Klang which comprise mixed development of commercial and residential properties. The projects are Taman Nusa Bestari, Taman Bestari Indah, Taman Kempas Indah, KSL City and Bandar Bestari. Four of the projects in Johor Bahru, namely Taman Nusa Bestari, Taman Bestari Indah, KSL City 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, have further strengthen your Group's opportunities in the marketing of high-rise properties and large commercial properties.

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. At present, Taman Nusa Bestari is under active construction and is in various stages of completion.

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.

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 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 years. At present, Taman Bestari Indah is under active construction and is in various stages of completion.

CHAIRMAN'S STATEMENT *(Cont'd)*

4. 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) minute drive to Johor Bahru new Custom, Immigration and Quarantine (CIQ). 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. KSL Hotel & Resort which features 868 rooms and suites with luxurious interior and first class facilitiesis the newest and largest integrated resort in Johor. It was officially opened in April 2012. The construction of the condominiums is progressing as scheduled and is expected to be completed by year 2013.

5. 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 the North Klang Valley Expressway (NKVE), Kesas, Federal Highway and South Klang Valley Expressway (SKVE). To add to its location advantage, it is 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. At present, Bandar Bestari is under active construction and is in various stages of completion.

LOOKING AHEAD

Year 2013 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 efficient management efforts and positive leasing market conditions.

Your Group's success in venturing into new industry and market augment. Your Board firmly believes that your 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 expects of another good year of strong performance in 2013.

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

DIRECTORS' PROFILE

KU HWA SENG

Executive Chairman

Ku Hwa Seng, aged 57, 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 one (31) 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 61, 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 one (31) 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 55, 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 49, 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 59, 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 thirty (30) 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 68, 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 one (41) years principally engaged in conveyance and bank work.

GohTyau 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 44, 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!

BOARD CHARTER

INTRODUCTION

The main objective of the Board Charter is to set out the functions, role, responsibilities and composition of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members discharge its responsibility directly and through Committees.

BOARD COMPOSITION

At least two (2) or one-third of the total number of directors on the Board, must be independent directors. The Company's Articles of Association provides for a minimum of two directors and a maximum of twenty. Nominees to the Board of Directors shall be selected and recommended by the Nomination Committee to the Board for approval.

As prescribed by the Listing Requirements, at any one time, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be Independent Directors. The Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director.

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the independent director may either retire or continue to serve on the Board subject to the director's re-designation as a non-independent director. However, the Board may justify and seek shareholders' approval in the event that it retains an independent director, who has served a cumulative term of nine (9) years as an independent director of the Company.

On boardroom diversity, the Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size from time to time to ensure its appropriateness.

APPOINTMENT AND RE-ELECTION

The appointment of a new director is for consideration and decision by the full Board, upon the recommendation from the Nomination Committee.

The new Director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board

In accordance with the Articles of Association of the Company, all the Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

A Director who is over seventy (70) years of age is subject to yearly re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

INDEPENDENT DIRECTORS

The assessment criteria for independence shall not be limited to the length of service of an independent director but rather particular emphasis is placed on the role of independent directors to facilitate independent and objective decision making in the Company.

BOARD CHARTER *(Cont'd)*

ROLE OF THE BOARD

The Board of Directors takes full responsibility for the overall performance of the Company and its Group and its obligations to the Company's shareholders and other stakeholders. The main duties and responsibility of the Board comprise the followings:-

- Setting the objectives, goals and strategic plan for the Company
- Deliberate, approve and monitoring progress of the Company's strategy, budgets, plans and policies
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed
- To retain an effective Board that consist of competent individuals with appropriate specialized skills and knowledge to lead and control the Company
- Identify principal and potential risks and ensure implementation of appropriate systems to manage / mitigate these risks
- Succession planning including appointing, training, fixing the compensation of and where appropriate, replacing any member of Senior Management
- Maintain an effective system of internal control to safeguard shareholder's investment and Company's assets
- Approve the quarterly results and annual audited financial statements
- Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance in accordance with the laws, regulations rules, directives and guidelines
- Develop and implement an investor relations programme or shareholder communications policy for the Company

BOARD COMMITTEES

The Board has three Board Committees with their specific Terms of Reference to assist in the execution of its responsibilities:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The committees shall operate under clearly defined terms of reference. Independent and Non-Executive Directors play a leading role in these Committees. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings.

The Terms of Reference of the Audit Committee, Nomination Committee and Remuneration Committee are published in the Annual Report.

BOARD MEETINGS

The Board shall meet at least four (4) times a year and has a formal schedule of matters reserved for the Board to decide. However, Special Meeting(s) may be convened as required. Notice of meetings and business to be conducted shall be given to members of the Board at least seven (7) days prior to the meeting.

Matters reserved for the Board to decide will include amongst others decision on acquisition or disposal of assets, and subsidiaries, investment or divestment, material capital commitment and corporate exercises.

A full agenda together with the relevant Board papers are circulated to all the Directors which include amongst others, the following:

a) Quarterly financial report and report on the Company's cash and borrowing positions;

BOARD CHARTER *(Cont'd)*

b) Reports and Minutes of meetings of all Committees of the Board;

c) A current review of the operations of the Company and budget;

d) Board Circular Resolutions for notation;

e) Directors' share dealings.

Unless varied by any terms of reference, meetings and proceedings of the Board will be governed by the Company's Articles of Association.

The Company Secretary shall take minutes of the meetings which shall be reviewed and approved by the Chairman and management before being tabled to the Board at the next meeting.

DIRECTORS' ASSESSMENT / BOARD EVALUATION

The Board recognizes the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance as well the performance of its Committees on an annual basis.

DIRECTORS' TRAINING

In addition to the mandatory programmes required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate education programmes. The Board will assess the training needs of the Directors and shall disclose in the Annual Report the trainings attended by the Directors.

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors shall have access to all information within the Company whether as a full Board or in their individual capacity, to the extent that the information required is pertinent to the discharge of their duties as Directors.

The Board has also put into place a procedure for Directors, whether as a full Board or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.

FINANCIAL REPORTING

The Company aims to present a clear and fair assessment of the Company's financial position and future prospects in respect of all quarterly results, annual audited financial statements and announcements issued by the Company within the stipulated timeframe.

The Board is assisted by the Audit Committee in scrutinizing information for disclosure to ensure its timeliness, accuracy, adequacy and compliance with the required standards and laws.

The Board ensures that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

BOARD CHARTER *(Cont'd)*

THE COMPANY SECRETARY

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board. The Company Secretary has an important role in advisory and assisting the Board and Committees in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations of the Companies Act, 1965, Bursa Securities Listing Requirements, the Securities Commission guidelines and other relevant legislation and regulatory authorities.

In addition, proper maintenance of the Group's statutory records, register books and documents are essential in assisting the Board to achieve the spirit and intend of good corporate governance beside ensuring proper conduct at the Annual General Meetings, Extraordinary General Meetings, Board Committees' Meeting and any other meetings and the preparation of minutes thereat.

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION POLICY

The Board shall ensure timely release of financial results and announcements to provide shareholders with an overview of the Company's performance, corporate exercises and strategies and any other matters affecting the shareholders' interests.

The Board shall maintain appropriate corporate disclosure policies and procedures which are in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

REVIEW OF THE BOARD CHARTER

The Board shall review the said Charter periodically and any amendments/improvements shall be made thereto as and when the Board deems necessary.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") fully support the recommendations of the Malaysian Code on Corporate Governance 2012 ("Code") which sets out the broad principles and recommendations for good corporate governance and best practice for listed companies.

The Board is committed to apply the recommendation of the Code to ensure that good corporate governance is practised throughout the Group to effectively discharge its responsibilities to protect and enhance shareholders' value and those of the other stakeholders.

Emphasising its commitment to good corporate governance practices of the Code, the Board has in place a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with management and the shareholders of the Company.

The Board of Directors is, therefore, pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of the Code for financial year ended 31 December 2012.

(A) THE BOARD OF DIRECTORS

The Group is led and controlled by an effective Board which understands the Group's philosophy, principles, ethics, mission and vision. The Board has overall responsibility for the strategic direction and sustainability of the Group in the environment in which it operates

(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 15 to 17 of this Annual Report.

The roles of the Chairman and Group Managing Director are separated to ensure a balance of power and authority. Although the position of Chairman is filled by Mr. Ku Hwa Seng, an Executive Director, the presence of Independent Non-Executive Directors who are of a high calibre and credibility, and who have the necessary skill and experience ensures that sufficient weight and independent judgement are input into Board decisions. Mr. Ku Hwa Seng was appointed the Chairman on 24 February 2011 after considering his vast experience, business acumen and strong business network built over a period of thirty-one years in the property development industry.

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 Code recommends that the tenure of an independent director should not exceed nine (9) years cumulatively. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his redesignation as a Non-Executive Director.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(1) BOARD BALANCE *(Cont'd)*

Notwithstanding that Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng have served on the Board for more than nine (9) years since the Company was listed on 6 February 2002 by 31 December 2012, the Board proposes to retain them as Independent Directors of the Company because:

(a) The Board holds the view that a Director's independence can not be determined arbitary with reference to a set of period of time.

(b) The Group benefits from these long serving Independent Directors who possess detailed knowledge of the Group's business and have proven commitment, experience, competence and wisdom to effectively advise and oversee the management.

(c) The Board has individually assessed Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng to be independent in character and judgement, independent of management and free from any relationship or circumstances which are likely to affect or could affect their judgement.

(d) Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, they would be able to function as a check and balance, and bring an element of objectivity to the Board.

(e) They have devoted sufficient time and attention to their professional obligations and have carried out their professional duties always in the best interest to the Company and the shareholders.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. During the year ended 31 December 2012, 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	4/5
Ku Tien Sek	5/5
Lee Chye Tee	5/5
Gow Kow	5/5
Goh Tyau Soon	5/5
Tey Ping Cheng	5/5

(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.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(2) APPOINTMENTS TO THE BOARD *(Cont'd)*

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 8, 15 to 17 of this Annual Report.

(4) SUPPLY OF INFORMATION

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

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

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

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.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(5) DIRECTORS' REMUNERATION

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

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

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

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

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

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

The details of remuneration paid to Directors, in aggregation and analysed into the following bands during the financial year ended 31 December 2012 are as below:-

Remuneration	Executive Directors RM '000	Non-Executive Directors RM '000
Directors' Fees	-	90
Salaries	5,559	-
Allowances	190	17
Bonuses	6,855	-
Total	12,604	107

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

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

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM 50,000	-	3
RM 250,001 to RM 300,000	1	-
RM 4,050,001 to RM 4,100,000	2	-
RM 4,200,001 to RM 4,250,000	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

• Workshop on Tax Deductible Expenses- Latest Development & Practical Issues	27 & 28 Mar 2012
• Insider Trading	28 Aug 2012
• Seminar Percukaian Kebangsaan 2012	9 Oct 2012

2. Gow Kow

• Mastering Recent Tax Cases: Insights to Tax Litigation and Controversies	27 Mar 2012
• Insider Trading	28 Aug 2012
• Seminar Percukaian Kebangsaan 2012	09 Oct 2012
• The Transfer Pricing Seminar 2012	20 Sept 2012
• Workshop on Criminal Tax Investigations & Anti-Money Laundering	10 Dec 2012
• Audit Committee's Oversight Role on Financial Reporting	12 Dec 2012

3. Tey Ping Cheng

• National Tax Conference 2012	17 & 18 July 2012
• Insider Trading	28 Aug 2012
• Transforming The Company Secretary Into A Business Adviser	15 Sept 2012
• Seminar Percukaian Kebangsaan 2012	9 Oct 2012

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

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

4. Khoo Cheng Hai @ Ku Cheng Hai
   - Insider Trading 28 Aug 2012
5. Ku Hwa Seng
   - Insider Trading 28 Aug 2012
6. Ku Tien Sek
   - Insider Trading 28 Aug 2012
7. Goh Tyau Soon
   - Insider Trading 28 Aug 2012

(B) ACCOUNTABILITY AND AUDIT

(1) FINANCIAL REPORTING

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

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

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

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

In preparing these financial statements, the Directors have:-

1. selected appropriate accounting policies and applied them consistently;
2. made judgements and estimates that are reasonable and prudent;
3. ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
4. prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operational existence for the foreseeable future.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(3) INTERNAL CONTROL

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

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

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

The Group's Statement on Risk Management and Internal Control may be found on pages 31 to 33 of this Annual Report.

(4) RELATIONSHIP WITH AUDITORS

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

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

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

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

The role of the Audit Committee in relation to the external Auditors and the number of meetings held during the financial year as well as the attendance record of each member are shown in the Audit Committee Report and may be found on pages 34 to 38 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.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(C) SHAREHOLDERS

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.

(4) PROFIT GUARANTEE

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

(5) OPTIONS OR CONVERTIBLE SECURITIES

No optionsor 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 RM88,000.

(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 page 94 to 95 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 2012 and the unaudited results previously announced by the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Internal Control is made pursuant to Bursa Malaysia Securities Berhad Listing Requirements which requires the Board of Directors ("Board") to include in its Company Annual Report a statement about the state of its internal control. The revised Malaysia Code on Corporate Governance (2012) requires all listed companies to establish and maintain a sound risk management framework and internal control system to safeguard shareholders' investment and the company's assets.

Accordingly, the Board is pleased to provide the Statement on Risk Management and Internal Control ("Statement") that was prepared in accordance with the "Statement on Risk Management & Internal Control- Guidelines for Directors of Public Listed Issuers" issued by Bursa Malaysia Securities Berhad which outlines the process to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

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. The Board is of the view that the risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

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, prioritization and mitigation 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 2012 up to the date of approval of this statement.

The Board has established an organization structure which clearly defined lines of responsibility and accountability aligned to business and operations requirements. It has extended the responsibilities of the Audit Committee to include the assessment of internal controls through the Internal Audit function.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

RISK MANAGEMENT FRAMEWORK (*Cont'd)*

External auditors will in their course of conducting annual statutory audit of the Group's consolidated financial statements, reviews and where applicable based on their professional judgment highlights significant audit, accounting and internal control matters which require attention of the Board and Audit Committee. The report is made officially and specifically to the Audit Committee and the management post completion of the year end audit. Additionally, the external auditors are invited to attend the quarterly Audit Committee meetings and where applicable will provide views on any related matters for the attention of the Audit Committee.

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 and External Audit teams have highlighted to the Audit Committee and the Board on areas of improvement, provided recommendations and where applicable, subsequently reviewed the extent to which their recommendations have been implemented.

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. formal training programmes, semi and annual performance appraisals, and other relevant procedures are in place to ensure that staff are adequately trained and competent to enable them to discharge their duties and responsibilities effectively. Proper guidelines are also followed for termination of staff.

6. every development cycle is under absolute supervision from both the managerial personnel and operational employees. Both spending and construction 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

Assurance from Management

The Board is of the view that the Company's overall risk management and internal control system is operating adequately and effectively, in all material aspects, and have received the same assurance from both the Managing Director and Finance Director of the Company. The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Group has been in place throughout 2012 up to the date of approval of this statement. The Board is also of the view that the Group's system of internal control is robust and is able to detect any material losses, contingencies or uncertainties that would require disclosure in the Group's 2012 Annual Report.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. The review was performed in accordance with Recommended Practice Guide (RPG) 5 issued by the Malaysia Institute of Accountants. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The terms of reference of the Audit Committee are set out on pages 36 to 38 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 2012, the Audit Committee held five (5) meetings. Other Executive Directors attended the meetings upon invitation by the Chairman of the Audit Committee, when necessary. The Group's external Auditors attended all the meetings. Details on the attendance record of the Audit Committee members at the Audit Committee Meetings are set out as follow:-

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

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

SUMMARY OF ACTIVITIES

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

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

AUDIT COMMITTEE REPORT *(Cont'd)*

INTERNAL AUDIT FUNCTIONS

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

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

The fees paid to the internal audit firm for the financial year ended 31 December 2012 was RM25,000.

The Internal Audit Team (IAT) assists the Audit Committee in discharging its duties and responsibilities.

The principal responsibility of the IAT is to conduct periodic audits on internal control matters to ensure their compliance with systems and standard operating procedures in each of the Group's operations. The main objective of the audits is to provide reasonable assurance that they operated satisfactory and effectively. The IAT had undertaken independent and objective reviews of the system internal controls within the Group's operations. The Internal Audit reports were deliberated by the Audit Committee and recommendations were duly implemented by management.

For the current financial year, internal audit works were principally focused on the Group's operations in KSL Resort and KSL City Mall, Johor Bahru, in the following areas:-

(a) Reviewing the adequacy of KSL Resort and KSL City Mall's policies and procedures with regards to sales and purchase cycles of hotel operations, housekeeping of hotel operations, all aspect on tenancy of KSL City Mall and maintenance of hotel rooms and shopping complex;

(b) Ascertaining the extent to which the KSL Resort and the KSL City Mall'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 KSL Resort and the KSL City Mall;

(e) Reviewing the soundness, adequacy and application of hotel system and accounting system;

(f) Ascertaining the extent of compliance with established policies and procedures on human resource;

(g) Assessing the adequacy of the KSL Resort and KSL City Mall's existing control procedures on business operations and material control; and

(h) Adequacy of insurance cover on KSL Resort and KSL City Mall's buildings.

AUDIT COMMITTEE REPORT *(Cont'd)*

TERMS OF REFERENCE

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.

AUDIT COMMITTEE REPORT *(Cont'd)*

TERMS OF REFERENCE *(Cont'd)*

QUORUM

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

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 yearend 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

AUDIT COMMITTEE REPORT *(Cont'd)*

TERMS OF REFERENCE *(Cont'd)*

FUNCTIONS AND RESPONSIBILITIES *(Cont'd)*

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.

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.

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. Objectives

The primary objective of the Nominating Committee is to act as a committee of the Board to assist in discharging the Board's responsibilities in: -

(a) assessing each of the existing directors' ability to contribute to the effective decision making of the Board;

(b) identifying, appointing and orientating new directors;

(c) reviewing the mix skills and experience and other qualities the Board requires for it to function independently and efficiently;

(d) membership of the Audit and Remuneration Committees and any other Board Committees as appropriate, in consultation with the chairmen of those committees;

(e) assessing and evaluating the effectiveness of the Board as a whole and the board committees, assessing the performance of independence of Independent Non-Executive Directors and Chief Executive Officer/ Managing Director; and

(f) identifying and recommending directors who are to be put forward for retirement by rotation in accordance with the Company's Articles of Association.

2. Composition

The Nominating Committee shall be appointed by the Board of Directors from among their members and shall consist of not less than three (3) members. All the members shall be Non-Executive Directors, the majority of whom shall be independent Directors.

3. Quorum

The quorum for each meeting shall be two members present.

4. Chairman

The Chairman of the Nominating Committee shall be an Independent Non-Executive Director. In the absence of the Nominating Committee Chairman, the remaining members present shall elect one of them to chair the meeting.

5. Meetings

The number of Meetings shall be held not less than once a year and additional meetings shall be held as required. A member may at any time and the Secretary shall on the requisition of a director summon a meeting of the Nominating Committee.

Questions arising at any meeting of Nominating Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination/decision of the Nominating Committee.

In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote **PROVIDED THAT** where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

Minutes of Meeting shall be recorded and kept.

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

(6) Secretary

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

(7) Responsibilities

The Nominating Committee shall have the following responsibilities:-

(a) Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Nominating Committee should consider the candidates'

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of independent non-executive directors, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

(b) Consider in making its recommendations, candidates for directorship proposed by the Chief Executive Officer/Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder.

(c) Recommend to the Board, directors to fill seats on Board Committees.

(d) Assess the effectiveness of the Board as a whole.

(e) Assess the effectiveness of the committees of the Board.

(f) Assess the contribution of each individual director.

(g) Review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function independently and efficiently.

(h) Develop and review the criteria used for the selection process of new directors and annual assessment of the board, board committees and individual directors.

(i) Formulate a policy on Board composition including mix of skills, independence and diversity (including gender diversity).

(j) Assess the independence of the Directors annually who have served on the Board for a cumulative term of more than nine (9) years for appointment or otherwise.

(k) Review the training and professional development programmes for the Board.

(l) Develop succession plans in order for the Board to maintain appropriate experience, expertise and diversity (including gender diversity).

(m) Consider gender diversity generally when making appointments to the Board.

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company consisting of majority Independent Non-Executive Directors. It shall consist of not less than three (3) members.

2. Quorum

Two (2) members shall form a quorum for meetings.

3. Chairman

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

4. Secretary

The Secretary to the Remuneration Committee shall be the Company Secretary.

5. Meetings and Minutes

a) The Remuneration Committee shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary.

b) Minutes of each meeting shall be distributed to each member of the Board.

c) Question arising shall be decided by a majority of votes and determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.

d) In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

6. Functions

a) To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.

b) To recommend to the Board, guidelines for determining remuneration of Non-Executive Directors.

c) To recommend to the Board and performance related pay schemes for Executive Directors.

d) To review Executive Directors' scope of service contracts.

e) To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions.

TERMS OF REFERENCE OF REMUNERATION COMMITTEE
(Cont'd)

7. Reporting Procedures

a) The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Committee.

b) Executive Directors do not participate in discussion on their own remuneration.

c) The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole.

d) Level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of executive Directors. The level of remuneration should reflect the experience and responsibilities undertaken by the particular non-executive concerned.

e) Membership of the Remuneration Committee should appear in the Annual Report.

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 2012.

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 operation, property management and hotel operation.

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	127,806,624	90,087,341

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 as disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of 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			
	1.1.2012	**Acquired**	**Sold**	**31.12.2012**
The Company				
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)*

TREASURY SHARES

As at 31 December 2012, 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.

(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.

DIRECTORS' REPORT *(Cont'd)*

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2013.

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 51 to 102 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 2012 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 26 April 2013.

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 51 to 103 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 Johor Bahru in the State of Johor)
Darul Ta'zim on 26 April 2013.)　　　　Lee Chye Tee

Before me,
Commissioner of Oath
Harcharan Singh A/L Chanchel Singh (No: J 210)

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 2012, 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 51 to 102.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 2012 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.

(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.

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

(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 38 to the financial statements on page 102 to 103 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
1821/12/14(J)
Chartered Accountant

Johor Bahru, Malaysia
Date : 26 April 2013

STATEMENTS OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	402,869,634	272,261,367	87,202,300	4,292,000
Cost of sales	5	(160,400,921)	(116,743,810)	-	-
Gross profit		242,468,713	155,517,557	87,202,300	4,292,000
Other items of income					
Other income	6	11,018,328	5,839,434	6,501,940	-
Other items of expense					
Administrative expenses		(57,258,334)	(24,762,159)	(1,962,649)	(1,363,707)
Distribution expenses		(11,657,801)	(8,994,494)	(4,757)	(4,488)
Other expenses		(29,329)	(5,454,309)	-	-
Finance costs	7	(11,524,335)	(9,934,604)	(12,491)	(2,661)
Profit before tax	8	173,017,242	112,211,425	91,724,343	2,921,144
Income tax expense	11	(45,210,618)	(30,962,667)	(1,637,002)	(758,975)
Profit net of tax, representing total comprehensive income for the year		127,806,624	81,248,758	90,087,341	2,162,169
Earnings per share attributable to owners of the Company (sen):					
Basic/Diluted	12	33.08	21.03		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31.12.2012	Group 31.12.2011 (Restated)	1.1.2011 (Restated)
		RM	RM	RM
Assets				
Non-current assets				
Property, plant and equipment	14	145,262,070	93,579,593	57,045,577
Land held for property development	15	580,601,935	555,459,953	477,669,639
Investment properties	17	430,266,449	426,119,120	425,074,005
Deferred tax assets	26	9,065,609	6,786,250	6,506,250
		1,165,196,063	1,081,944,916	966,295,471
Current assets				
Property development costs	16	269,119,877	184,514,970	170,787,414
Inventories	19	69,482,381	40,849,243	52,247,376
Trade and other receivables	20	62,196,831	75,371,461	35,391,994
Other current assets	21	15,798,719	2,554,165	7,311,600
Cash and bank balances	22	44,875,923	16,412,473	21,665,825
		461,473,731	319,702,312	287,404,209
Total assets		1,626,669,794	1,401,647,228	1,253,699,680
Equity and liabilities				
Current liabilities				
Loans and borrowings	23	80,348,459	52,181,309	4,007,097
Trade and other payables	24	116,086,656	61,328,319	82,194,565
Other current liabilities	25	38,480,045	17,851,502	28,174,610
Current tax payable		14,686,744	3,591,866	7,526,346
		249,601,904	134,952,996	121,902,618
Net current assets		211,871,827	184,749,316	165,501,591

STATEMENTS OF FINANCIAL POSITION *(Cont'd)*
AS AT 31 DECEMBER 2012

	Note	31.12.2012	Group 31.12.2011 (Restated)	1.1.2011 (Restated)
		RM	RM	RM
Non-current liabilities				
Loans and borrowings	23	149,631,680	190,827,966	163,987,453
Other payables	24	98,932,528	82,347,968	65,277,466
Deferred tax liabilities	26	20,917,245	13,738,485	8,275,010
		269,481,453	286,914,419	237,539,929
Total liabilities		519,083,357	421,867,415	359,442,547
Net assets		1,107,586,437	979,779,813	894,257,133
Equity attributable to equity holders of the Company				
Share capital	27	195,273,744	195,273,744	195,273,744
Share premium	27	28,868,900	28,868,900	28,868,900
Treasury shares	27	(4,383,725)	(4,383,725)	(4,383,725)
Warrants reserve	27	18,764,150	18,764,150	-
Revaluation reserve	28	17,778,354	18,435,180	19,084,260
Retained earnings	29	851,285,014	722,821,564	655,413,954
Total equity		1,107,586,437	979,779,813	894,257,133
Total equity and liabilities		1,626,669,794	1,401,647,228	1,253,699,680

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

STATEMENTS OF FINANCIAL POSITION *(Cont'd)*
AS AT 31 DECEMBER 2012

	Note	Company 2012 RM	Company 2011 RM
Assets			
Non-current assets			
Property, plant and equipment	14	157	1,492
Investments in subsidiaries	18	83,648,955	83,648,955
		83,649,112	83,650,447
Current assets			
Trade and other receivables	20	345,311,696	317,964,738
Other current assets	21	850	851
Cash and bank balances	22	1,366,509	85,369
		346,679,055	318,050,958
Total assets		430,328,167	401,701,405
Equity and liabilities			
Current liabilities			
Trade and other payables	24	1,867,849	63,763,548
Current tax payable		436,519	1,399
		2,304,368	63,764,947
Net current assets		344,374,687	254,286,011
Total liabilities		2,304,368	63,764,947
Net assets		428,023,799	337,936,458
Equity attributable to equity holders of the Company			
Share capital	27	195,273,744	195,273,744
Share premium	27	28,868,900	28,868,900
Treasury shares	27	(4,383,725)	(4,383,725)
Warrants reserve	27	18,764,150	18,764,150
Retained earnings	29	189,500,730	99,413,389
Total equity		428,023,799	337,936,458
Total equity and liabilities		430,328,167	401,701,405

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 2012

	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 2011		195,273,744	-	28,868,900	(4,383,725)	19,084,260	655,413,954	894,257,133
Revaluation surplus realised		-	-	-	-	(649,080)	649,080	-
Profit net of tax representing total comprehensive income for the year		-	-	-	-	-	81,248,758	81,248,758
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	722,821,564	979,779,813
At 1 January 2012		195,273,744	18,764,150	28,868,900	(4,383,725)	18,435,180	722,821,564	979,779,813
Revaluation surplus realised		-	-	-	-	(656,826)	656,826	-
Profit net of tax representing total comprehensive income for the year		-	-	-	-	-	127,806,624	127,806,624
At 31 December 2012		195,273,744	18,764,150	28,868,900	(4,383,725)	17,778,354	851,285,014	1,107,586,437

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

COMPANY STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2012

	Note		<---------- Non-Distributable		-------->	Distributable	
		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 2011		195,273,744	-	28,868,900	(4,383,725)	111,741,448	331,500,367
Profit net of tax representing 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
At 1 January 2012		195,273,744	18,764,150	28,868,900	(4,383,725)	99,413,389	337,936,458
Profit net of tax representing total comprehensive income for the year		-	-	-	-	90,087,341	90,087,341
At 31 December 2012		195,273,744	18,764,150	28,868,900	(4,383,725)	189,500,730	428,023,799

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 2012

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from operating activities				
Profit before taxation	173,017,242	112,211,425	91,724,343	2,921,144
Adjustments for :				
Interest income	(1,144,122)	(1,105,690)	(6,501,940)	-
Interest expense	11,103,754	9,696,917	10,018	-
Depreciation of property, plant and equipment	3,794,162	1,413,276	1,335	1,335
Cost of investment properties overprovided in previous year	2,150	25,950	-	-
Gain on disposal of investment properties	-	(80,000)	-	-
Fair value adjustments of investment properties	(2,521,649)	6,705,874	-	-
Property, plant and equipment written off	31	13,030	-	-
(Gain)/Loss on disposal of property, plant and equipment	(5,997)	20,756	-	-
Gain from compulsory acquisition of land	-	(213,668)	-	-
Operating profit before working capital changes	184,245,571	128,687,870	85,233,756	2,922,479
Property development costs	(109,987,534)	(58,258,884)	-	-
Inventories	78,492,413	55,494,516	-	-
Trade and other receivables	(170,735)	(35,133,110)	(27,346,957)	(33,415,585)
Trade and other payables	79,310,052	(14,118,852)	(61,895,699)	26,998,871
Cash generated from/(used in) operations	231,889,767	76,671,540	(4,008,900)	(3,494,235)
Interest paid	(11,103,754)	(9,696,917)	(10,018)	-
Taxes paid	(29,115,528)	(29,802,594)	(1,201,882)	(758,050)
Net cash generated from/(used in) operating activities	191,670,485	37,172,029	(5,220,800)	(4,252,285)

STATEMENTS OF CASH FLOWS *(Cont'd)*
For the financial year ended 31 December 2012

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from investing activities				
Development expenditure on land held for property development	(94,223,518)	(77,355,370)	-	-
Development expenditure on investment properties	(1,627,830)	(8,796,939)	-	-
Purchase of property, plant and equipment	(55,476,673)	(37,621,608)	-	-
Proceeds from disposal of property, plant and equipment	6,000	40,530	-	-
Proceeds from disposal of investment properties	-	1,100,000	-	-
Interest received	1,144,122	1,105,690	6,501,940	-
Proceeds from compulsory acquisition	-	213,668	-	-
Net cash (used in)/generated from investing activities	(150,177,899)	(121,314,029)	6,501,940	-
Cash flows from financing activities				
Proceeds from issuance of warrants	-	19,320,304	-	19,320,304
Payment of warrant issuance expenses	-	(556,154)	-	(556,154)
Repayment of term loans	(12,771,764)	(3,709,381)	-	-
Repayment of finance lease	(458,361)	(407,534)	-	-
Repayment of revolving credit	(2,592,000)	-	-	-
Repayment of bankers' acceptances	(59,972,000)	(10,800,000)	-	-
Drawdown of term loans	-	40,700,000	-	-
Drawdown of bankers' acceptances	65,640,000	31,832,000	-	-
Dividends paid	-	(14,490,228)	-	(14,490,228)
Net cash (used in)/generated from financing activities	(10,154,125)	61,889,007	-	4,273,922
Net increase/(decrease) in cash and cash equivalents	31,338,461	(22,252,993)	1,281,140	21,637
Cash and cash equivalents at beginning of financial year	(587,168)	21,665,825	85,369	63,732
Cash and cash equivalents at end of financial year (Note 22)	30,751,293	(587,168)	1,366,509	85,369

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 2012

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 to the financial statements. 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 ("FRS") 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 2012 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 2012, the Company adopted the following new and amended FRS and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2012.

Interpretation and Amendments effective for annual periods beginning on or after 1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

FRS and Amendments effective for annual periods beginning on or after 1 January 2012
FRS 124: Related Party Disclosures
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7: Transfers of Financial Assets
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

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

Prior to 1 January 2012, the Group recognised deferred taxes on changes in fair value of investment properties using the applicable tax rate based on the manner in which the carrying amounts are expected to be recovered.

The amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets clarify that, investment properties that are measured using the fair value model in accordance with FRS 140 Investment Property, are presumed to be recovered entirely through sale for the purposes of measuring deferred tax unless the presumption is rebutted.

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

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

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets (cont'd)

The Group's investment properties are measured using the fair value model. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the presumption set out in FRS 112 is not rebutted. Accordingly, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group will not incur any tax consequences on disposal of its investment properties.

The change in accounting policy has been applied retrospectively and certain comparatives have been restated. The following are the effects to the financial positions as at 31 December 2011 and 1 January 2011 arising from the above change in accounting policy.

Group

Statements of financial position 31 December 2011	**As previously stated RM**	**Adjustments RM**	**As restated RM**
Deferred tax liability	47,455,173	(33,716,688)	13,738,485
Retained earnings	689,104,876	33,716,688	722,821,564

1 January 2011	**As previously stated RM**	**Adjustments RM**	**As restated RM**
Deferred tax liability	43,803,886	(35,528,876)	8,275,010
Retained earnings	619,885,078	35,528,876	655,413,954

Statement of comprehensive income For the year 2011	**As previously stated RM**	**Adjustments RM**	**As restated RM**
Profit before tax	112,211,425		112,211,425
Income tax expense	(29,150,479)	(1,812,188)	(30,962,667)
Profit net of tax	83,060,946		81,248,758
Total comprehensive income for the year	83,060,946		81,248,758

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

2.3 Standards, amendments and interpretation issued but not yet effective

The standards, amendments and interpretation that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
FRS 101 Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
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
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	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 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the above standards, amendments and interpretation will have no material impact on the financial statements in the period of initial application.

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).

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

2.3 Standards, amendments and interpretation issued but not yet effective *(Cont'd)*

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 (herein called 'Transitioning Entities').

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 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, 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 2014. 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 is in the process of assessing the financial effects of the differences between FRS 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 2012 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 2014.

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.

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.

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

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.

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% to 20%
Renovation	10%
Sales office	10%
Site office	10%
Signboard	10%
Furniture and fittings	5% to 10%
Hotel equipment	20%
Food and beverage equipment	20%

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.

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

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.

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.

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

2.8 Land held for property development and property development costs *(Cont'd)*

(b) Property development costs *(Cont'd)*

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")).

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.

Inventories of foods, beverages and general store supplies are stated at lower of cost and net realisable value. Cost is determined using the first-in-first-out basis method. Cost comprises the cost of purchase plus the cost of bringing the inventories to its present condition.

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

2.10 Inventories *(Cont'd)*

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.

<u>Loans and receivables</u>

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.

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.

<u>Trade and other receivables and other financial assets carried at amortised cost</u>

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.

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

2.12 Impairment of financial assets *(Cont'd)*

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 statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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.

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

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.

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.

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

2.16 Income taxes *(Cont'd)*

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

(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.

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

2.19 Leases *(Cont'd)*

(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 criteria 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.

(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.

(h) Hotel and food & beverage revenue
Hotel and food & beverage revenue represents the invoiced value of charges derived from the hotel and cafeteria operations less trade discounts.

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.

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

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.

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 :

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(Cont'd)*

(b) Key sources of estimation uncertainty *(Cont'd)*

(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 and buildings-in-progress, 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.

(iv) Deferred tax assets

Deferred tax assets are recognised for provision for foreseeable loss to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determined the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total recognised provision for foreseeable loss of the Group were RM6,888,250 (2011 : RM6,786,250).

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

4. REVENUE

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of development properties	315,062,970	223,936,089	-	-
Compensation sum from compulsory acquisition	-	213,668	-	-
Rental income from investment properties	56,595,886	46,026,515	-	-
Hotel and food & beverage	28,767,148	-	-	-
Carpark operations	2,337,845	1,910,194	-	-
Dividend income from subsidiaries	-	-	85,297,500	3,000,000
Management fees from subsidiaries	-	-	1,904,800	1,292,000
Other trade sales	105,785	174,901	-	-
	402,869,634	272,261,367	87,202,300	4,292,000

5. COST OF SALES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Property development costs (Note 16)	124,739,241	91,892,194	-	-
Cost of inventories sold	8,906,075	13,944,737	-	-
Post construction cost	59,764	107,809	-	-
Cost of running hotel and food & beverage	12,208,665	-	-	-
Cost of running investment properties	14,205,021	10,358,083	-	-
Other trade cost	282,155	440,987	-	-
	160,400,921	116,743,810	-	-

6. OTHER INCOME

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest income (Note 8)	1,144,122	1,105,690	6,501,940	-
Other rental income (Note 8)	3,704,271	3,570,206	-	-
Sundry income	3,648,286	1,083,538	-	-
Gain on disposal of investment properties	-	80,000	-	-
Fair value adjustments of investment properties (Note 8 and Note 17)	2,521,649	-	-	-
	11,018,328	5,839,434	6,501,940	-

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

7. FINANCE COSTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
Bank borrowings	3,101,882	870,837	-	-
Finance lease	15,103	31,145	-	-
Term loans	7,986,769	8,794,935	-	-
Intercompanies loan	-	-	10,018	-
Bank charges	420,581	237,687	2,473	2,661
	11,524,335	9,934,604	12,491	2,661

8. PROFIT BEFORE TAX

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax is stated after charging/(crediting) :				
Employee benefits expense (Note 9)	44,530,748	14,350,641	1,680,799	1,097,851
Non-executive directors' remuneration (Note 10)				
- Fee	90,000	90,000	90,000	90,000
- Other emoluments	17,000	17,000	17,000	17,000
Auditors' remuneration:				
- Statutory audits	164,000	142,500	21,000	25,000
- Other services	88,000	82,500	9,000	9,000
Direct operating expenses of investment properties :				
- revenue generating during the year	141,001	165,719	-	-
- non-revenue generating during the year	1,843	2,232	-	-
Depreciation of property, plant and equipment (Note 14)	3,794,162	1,413,276	1,335	1,335
Fair value adjustments of investment properties (Note 6 and Note 17)	(2,521,649)	6,705,874	-	-
Rental of machinery	6,582	6,886	-	-
Other rental income (Note 6)	(3,704,271)	(3,570,206)	-	-
Management fee received from subsidiaries	-	-	(1,904,800)	(1,292,000)
Interest income (Note 6)	(1,144,122)	(1,105,690)	(6,501,940)	-
(Gain)/Loss on disposal of property, plant and equipment	(5,997)	20,756	-	-
Gain on disposal of investment properties (Note 6)	-	(80,000)	-	-
Property, plant and equipment written off	31	13,030	-	-

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

9. EMPLOYEE BENEFITS EXPENSE

		Group		Company
2012 RM	**2011 RM**	**2012 RM**	**2011 RM**	
Wages and salaries	38,709,653	12,601,515	1,498,500	977,800
Social security contributions	212,735	105,679	2,479	2,715
Contributions to defined contribution plan	4,130,315	1,357,294	179,820	117,336
Other staff related expenses	1,478,045	286,153	-	-
	44,530,748	14,350,641	1,680,799	1,097,851

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM22,551,839 (2011 : RM5,451,987) and RM1,680,799 (2011 : RM1,097,851) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

		Group		Company
2012 RM	**2011 RM**	**2012 RM**	**2011 RM**	
Executive directors' remuneration (Note 9):				
Other emoluments				
- Directors of the Company	12,604,131	3,116,839	1,680,799	1,097,851
- Directors of subsidiaries	9,947,708	2,335,148	-	-
	22,551,839	5,451,987	1,680,799	1,097,851
Non-executive directors' remuneration (Note 8)				
Fees	90,000	90,000	90,000	90,000
Other emoluments	17,000	17,000	17,000	17,000
107,000	107,000	107,000	107,000	
Total directors' remuneration	22,658,839	5,558,987	1,787,799	1,204,851

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

		Group		Company
2012 RM	**2011 RM**	**2012 RM**	**2011 RM**	
Executive:				
Salaries and other emoluments	4,396,440	2,179,080	1,253,300	735,000
Bonus	6,854,990	601,240	245,200	242,800
Social security contributions	2,479	2,715	2,479	2,715
Contributions to defined contribution plan	1,350,222	333,804	179,820	117,336
12,604,131	3,116,839	1,680,799	1,097,851	
Non-executive :				
Fees	90,000	90,000	90,000	90,000
Other emoluments	17,000	17,000	17,000	17,000
107,000	107,000	107,000	107,000	
12,711,131	3,223,839	1,787,799	1,204,851	

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	
	2012	**2011**
Executive directors:		
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	1	-
RM850,001 - RM900,000	-	2
RM950,001 - RM1,000,000	-	1
RM4,050,001 - RM4,100,000	2	-
RM4,200,001 - RM4,250,000	1	-
Non-executive directors:		
Below RM50,000	3	3

11. INCOME TAX EXPENSES

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Current income tax:				
Malaysian income tax	41,327,006	26,130,587	1,637,000	756,980
(Over)/underprovision in prior years:				
Malaysian income tax	(1,015,789)	(351,395)	2	1,995
	40,311,217	25,779,192	1,637,002	758,975
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	4,137,722	(786,216)	-	-
Underprovision in prior years	761,679	5,969,691	-	-
	4,899,401	5,183,475	-	-
Total income tax expense	45,210,618	30,962,667	1,637,002	758,975

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2011 : 25%) of the estimated assessable profit for the year.

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

11. INCOME TAX EXPENSES *(Cont'd)*

A reconcialiation 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 :

2012
RM
Group

	2011 RM	
Profit before taxation	173,017,242	112,211,425
Taxation at Malaysian statutory tax rate of 25% (2011 : 25%)	43,254,311	28,052,856
Income not subject to tax	(758,473)	(606,186)
Expenses not deductible for tax purposes	2,898,414	2,781,958
Deferred tax assets not recognised during the year	1,945	1,762
Deferred tax assets not recognised on unutilised business losses	68,531	-
Utilisation of previously unrecognised tax losses	-	(1,403,977)
Utilisation of previously unrecognised capital allowances	-	(3,482,042)
Overprovision of income tax expense in prior years	(1,015,789)	(351,395)
Underprovision of deferred tax in prior years	761,679	5,969,691
Tax expense for the year	45,210,618	30,962,667
Company		
Profit before taxation	91,724,343	2,921,144
Taxation at Malaysian statutory tax rate of 25% (2011 : 25%)	22,931,086	730,286
Income not subject to tax	(21,324,375)	-
Expenses not deductible for tax purposes	30,289	26,694
Underprovision of income tax expense in prior years	2	1,995
Tax expense for the year	1,637,002	758,975

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.

2012

	2011	
Profit net of tax attributable to the owners of the parent (RM)	127,806,624	81,248,758
Weighted average number of ordinary share in issue	386,406,087	386,406,087
Basic earnings per share (sen)	33.08	21.03

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	
2011	**2010**	**2012**	**2011**	
RM	**RM**	**RM**	**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
-	14,490,228	-	14,490,228	

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building RM	Freehold land and building in progress RM	Plant and machinery RM	Motor vehicles RM	*Other property, plant and equipment RM	Total RM
At 31 December 2012						
Cost						
At 1 January 2012	4,368,886	84,120,571	1,917,915	7,263,596	6,202,015	103,872,983
Additions	-	39,772,672	67,595	1,540,308	14,096,098	55,476,673
Disposal	-	-	-	(509,399)	-	(509,399)
Written off	-	-	(72,490)	(6,975)	(51,099)	(130,564)
At 31 December 2012	4,368,886	123,893,243	1,913,020	8,287,530	20,247,014	158,709,693
Accumulated depreciation						
At 1 January 2012	1,902,766	-	1,096,772	4,147,081	3,146,771	10,293,390
Depreciation charge for the year (Note 8)	23,996	-	170,722	730,731	2,868,713	3,794,162
Disposal	-	-	-	(509,396)	-	(509,396)
Written off	-	-	(72,484)	(6,973)	(51,076)	(130,533)
At 31 December 2012	1,926,762	-	1,195,010	4,361,443	5,964,408	13,447,623
Net carrying amount	2,442,124	123,893,243	718,010	3,926,087	14,282,606	145,262,070

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	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
Net carrying amount at 1 January 2011	2,490,116	48,815,064	793,259	2,549,140	2,397,998	57,045,577

2012 RM Company	**2011 RM**	**Signboard**
Cost		
At 1 January/31 December	27,853	27,853
Accumulated depreciation		
At 1 January	26,361	25,026
Depreciation charge for the year (Note 8)	1,335	1,335
At 31 December	27,696	26,361
Net carrying amount	157	1,492

* Other property, plant and equipment comprise office equipment, tele-communication equipment, renovation, sales office, site office, signboard, furniture and fittings, hotel equipment and food and beverage equipment.

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

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

(a) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM3,002,088 (2011 : RM3,010,714).

(b) During the financial year, the Group acquired plant and equipment with an aggregate cost of RM Nil (2011 : RM400,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM55,476,673 (2011 : RM37,621,608).

The carrying amount of plant and equipment held under finance leases at the reporting date is RM350,000 (2011 : RM1,000,000).

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

15. LAND HELD FOR PROPERTY DEVELOPMENT

2012	**2011**	
Group	**RM**	**RM**
Cost		
At 1 January	555,459,953	477,669,639
Additions	94,223,518	77,355,370
Transfer to property development costs (Note 16)	(73,699,801)	(3,971)
Transfer from property development costs (Note 16)	4,618,265	438,915
At 31 December	580,601,935	555,459,953
Carrying amount at 31 December 2012/2011 consisting of:		
At cost	526,034,896	500,962,433
At surrogate cost	54,567,039	54,497,520
580,601,935	555,459,953	

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 RM177,799,187 (2011 : RM214,578,061) are pledged as securities for loans and borrowings (Note 23).

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

16. PROPERTY DEVELOPMENT COSTS

	2012 RM	2011 RM
Group		
Cumulative property development costs at 1 January :		
Freehold land	69,723,359	74,982,427
Development costs	188,441,581	118,301,096
258,164,940	193,283,523	
Cost incurred during the year :		
Land costs	51,701,289	-
Development costs	121,455,234	109,412,744
431,321,463	302,696,267	
Provision for foreseeable losses of affordable housing		
At 1 January as previously stated	1,341,209	2,461,312
Addition during the year	4,122,239	-
Recognised during the year	(329,051)	(1,120,103)
At 31 December	5,134,397	1,341,209
Transfers to inventories	(107,125,551)	(44,096,383)
Transfers to land held for property development (note 15)	(4,618,265)	(438,915)
Transfers from land held for property development (note 15)	73,699,801	3,971
(38,044,015)	(44,531,327)	
Cumulative costs recognised in profit or loss:		
At 1 January	(74,991,179)	(24,957,421)
Recognised during the year (Note 5)	(124,739,241)	(91,892,194)
Reversal of cost previously recognised in profit or loss upon completion	70,438,452	41,858,436
At 31 December	(129,291,968)	(74,991,179)
Property development costs at 31 December	269,119,877	184,514,970

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

2012 RM	**2011 RM**	
Interest expenses	636,626	-
Rental of machinery	2,622,755	2,260,166

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

17. INVESTMENT PROPERTIES

	Group 2012 RM	Group 2011 RM
At valuation		
At 1 January	426,119,120	425,074,005
Additions	1,627,830	8,796,939
Cost overprovided in prior year	(2,150)	(25,950)
Disposal	-	(1,020,000)
Fair value adjustments (Note 6)	2,521,649	(6,705,874)
	430,266,449	426,119,120

Investment properties with an aggregate carrying value of RM131,530,000 (2011 : RM131,380,000) are pledged as securities for loans and borrowings (Note 23).

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., both independent professional qualified valuers, using comparison and investment method of valuation.

18. INVESTMENTS IN SUBSIDIARIES

	Company 2012 RM	Company 2011 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 2012 %	Equity interest held 2011 %	Principal activities
Held by the Company				
Bintang-Bintang Development Sdn. Bhd.	Malaysia	100	100	Property investment and development
Bintang-Bintang Enterprise Sdn. Bhd.	Malaysia	100	100	Property development
Clarion Housing Development Sdn. Bhd.	Malaysia	100	100	Property investment
Eversonic Sdn. Bhd.	Malaysia	100	100	Property development
Exportex Sdn. Bhd.	Malaysia	100	100	Property development
Goodpark Development Sdn. Bhd.	Malaysia	100	100	Property development
Harapan Terang Sdn. Bhd.	Malaysia	100	100	Property development
Harapan Terang Properties Sdn. Bhd.	Malaysia	100	100	Property development
Harapan Terang Realty Sdn. Bhd.	Malaysia	100	100	Property development

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

18. INVESTMENTS IN SUBSIDIARIES *(Cont'd)*

Name of subsidiaries	Country of incorporation	Equity interest held 2012 %	2011 %	Principal activities
Held by the Company				
Khoo Soon Lee Realty Sdn. Bhd.	Malaysia	100	100	Property investment and development
KSL Properties Sdn. Bhd.	Malaysia	100	100	Property investment, development and hotel operations
KSL Properties Management Sdn. Bhd.	Malaysia	100	100	Car park operations
Prosper Plus Industry Sdn. Bhd.	Malaysia	100	100	Property investment
Sejota Sdn. Berhad	Malaysia	100	100	Property development
Sering Cemerlang Sdn. Bhd.	Malaysia	100	100	Property investment
Sure Success Properties Sdn. Bhd.	Malaysia	100	100	Property investment
Tai Lik Development (Batu Anam) Sdn. Bhd.	Malaysia	100	100	Property development
Villa Bestari Sdn. Bhd.	Malaysia	100	100	Property management
Held through subsidiary:				
KSL Development Sdn. Bhd.*	Malaysia	100	100	Property investment and development

* Subsidiary of Harapan Terang Sdn. Bhd.

19. INVENTORIES

	Group 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Cost			
Properties held for sale	68,909,889	40,849,243	52,247,376
Food & beverage	289,407	-	-
General and operating supplies	283,085	-	-
	69,482,381	40,849,243	52,247,376

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

20. TRADE AND OTHER RECEIVABLES

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Trade receivables	53,274,829	34,527,921	28,130,726
Other receivables			
Deposit for acquisition of land	1,735,594	37,769,363	5,500,000
Other deposits	1,764,642	1,937,375	1,319,495
Sundry receivables	5,421,766	1,136,802	441,773
	8,922,002	40,843,540	7,261,268
Total trade and other receivables	62,196,831	75,371,461	35,391,994
Add: Cash and bank balances (Note 22)	44,875,923	16,412,473	21,665,825
Total loans and receivables	107,072,754	91,783,934	57,057,819

	Company	
	2012 RM	2011 RM
Other receivables		
Amount due from subsidiaries	345,311,540	317,964,738
Sundry receivables	156	-
	345,311,696	317,964,738
Add: Cash and bank balances (Note 22)	1,366,509	85,369
Total loans and receivables	346,678,205	318,050,107

(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.

Ageing analysis of trade receivables

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

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Neither past due nor impaired	22,359,320	11,833,154	15,755,975
1 to 30 days past due not impaired	17,522,246	10,752,394	8,753,254
31 to 60 days past due not impaired	7,347,158	5,507,215	2,133,605
61 to 90 days past due not impaired	2,433,461	1,555,776	789,358
91 to 120 days past due not impaired	1,010,846	1,174,796	10,743
More than 121 days past due not impaired	2,601,798	3,704,586	687,791
	30,915,509	22,694,767	12,374,751
	53,274,829	34,527,921	28,130,726

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

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

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

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM30,915,509 (2011 : RM22,694,767) that are past due at the reporting date but not impaired. The amounts are secured under housing loan at the reporting date or with lawyers as stakeholder deposit and land title will only be released upon full payment.

(b) Amount due from subsidiaries

The amounts due from subsidiaries is unsecured, bears interest rate of 1.5% per annum and is repayable on demand.

21. OTHER CURRENT ASSETS

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Accrued billings in respect of property development costs	15,063,192	2,121,340	7,094,105
Prepayments	645,776	242,263	115,855
Tax recoverable	89,751	190,562	101,640
	15,798,719	2,554,165	7,311,600

	Company	
	2012 RM	2011 RM
Prepayments	850	851

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

22. CASH AND CASH EQUIVALENTS

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Cash on hand and at banks	31,369,203	10,512,473	8,279,412
Deposit with licensed bank	-	-	6,034,415
Repurchase agreement	13,506,720	5,900,000	7,351,998
Cash and bank balances	44,875,923	16,412,473	21,665,825
Less: Bank overdrafts (Note 23)	(14,124,630)	(16,999,641)	-
Cash and cash equivalents	30,751,293	(587,168)	21,665,825

	Company	
	2012 RM	2011 RM
Cash on hand and at banks	866,509	85,369
Repurchase agreement	500,000	-
Cash and bank balances	1,366,509	85,369

Included in cash and bank balances of the Group is an amount of RM23,655,256 (2011 : RM7,231,788) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and is restricted from use in other operations.

The interest rate of deposits at the reporting date for the Group and the Company are 2.52% per annum (2011: 2.10% per annum) and 2.85% per annum (2011: Nil) per annum respectively.

The average maturities of deposits at the reporting date for the Group and the Company are 2 days (2011: 3 days) and 5 days (2011: Nil) respectively.

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

23. LOANS AND BORROWINGS

	Maturity	Group 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Short term loans and borrowings				
Secured :				
Bank overdrafts (Note 22)	On demand	14,124,630	16,999,641	-
Bankers' acceptances	2013	5,150,000	5,032,000	-
Obligations under finance lease	2013	86,481	458,361	294,816
Revolving credit	2013	5,184,000	2,592,000	-
Term loans				
- RM loan at BLR - 1.50% per annum	2012	-	453,459	378,933
- RM loan at BLR - 2.00% per annum	2013	1,670,000	-	-
- RM loan at COF + 1.35% per annum	2013	29,250,000	7,312,500	-
- RM loan at COF + 1.25% per annum	2013	3,333,348	3,333,348	3,333,348
		58,798,459	36,181,309	4,007,097
Unsecured:				
Bankers' acceptances	2013	21,550,000	16,000,000	-
		80,348,459	52,181,309	4,007,097
Long term loans and borrowings				
Secured:				
Obligations under finance lease	2013	-	86,481	257,560
Revolving credit	2014 - 2016	12,924,000	18,108,000	-
Term loans				
- RM loan at BLR - 1.50% per annum	2013	-	896,317	1,346,877
- RM loan at BLR - 2.00% per annum	2014 - 2018	18,330,000	20,000,000	-
- RM loan at COF + 1.35% per annum	2014 - 2016	79,516,620	109,542,760	116,855,260
- RM loan at COF + 1.25% per annum	2014 - 2025	38,861,060	42,194,408	45,527,756
		149,631,680	190,827,966	163,987,453
Total loans and borrowings				
Bank overdrafts		14,124,630	16,999,641	-
Bankers' acceptances		26,700,000	21,032,000	-
Obligations under finance lease		86,481	544,842	552,376
Revolving credit		18,108,000	20,700,000	-
Term loans		170,961,028	183,732,792	167,442,174
		229,980,139	243,009,275	167,994,550

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

23. LOANS AND BORROWINGS *(CONT'D)*

(a) The remaining maturities of the loans and borrowings as at 31 December 2012 are as follows:

	Group		
	31.12.2012 RM	**31.12.2011 RM**	**1.1.2011 RM**
On demand or within one year	80,348,459	52,181,309	4,007,097
More than 1 year and less than 2 years	41,775,348	39,977,288	11,300,912
More than 2 years and less than 5 years	107,856,332	150,850,678	152,686,541
	229,980,139	243,009,275	167,994,550

As at the reporting date, base lending rate ("BLR") is 6.60% per annum (2011 : 6.60% per annum) and the cost of fund ("COF") is 3.35% to 3.75% per annum (2011 : 3.05% to 3.73% per annum).

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at 4.60% to 7.60% (2011: 4.66% per annum) and are secured by a charge over a freehold land held for development (Note 15).

Bankers' acceptances

Bankers' acceptances bear interest at 3.04% to 3.99% per annum (2011: 3.00% to 3.35% per annum) and are secured by a charge over a freehold land held for development (Note 15), investment properties (Note 17) and corporate guarantee from the Company.

Obligations under finance lease

These obligations are secured by a charge over the leased assets (Note 14). The average discount rate implicit in the leases is 2.70% per annum (2011: 2.47% to 2.70% per annum).

Revolving credit

Revolving credit of the Group is secured by a charge over a freehold land held for development (Note 15), investment properties (Note 17) and corporate guarantee from the Company.

RM loan at BLR - 1.50% per annum/BLR - 2.00% per annum

These loans are secured by a charge over freehold land held for development (Note 15) and corporate guarantee from the Company.

RM loan at COF + 1.35% per annum

This loan is secured by a charge over a freehold land held for development (Note 15), investment properties (Note 17) and corporate guarantee from the Company.

RM loan at COF + 1.25% per annum

This loan is secured by a charge over an investment property (Note 17) and corporate guarantee from the Company.

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

24. TRADE AND OTHER PAYABLES

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
Current	**RM**	**RM**	**RM**
Trade payables			
Third parties	72,246,863	46,787,709	43,662,476
Other payables			
Other deposits	2,487,923	1,178,399	16,862,318
Accruals and provisions	21,329,225	1,994,871	15,619,384
Sundry payables	20,022,645	11,367,340	6,050,387
	43,839,793	14,540,610	38,532,089
	116,086,656	61,328,319	82,194,565
Non-current			
Other payables			
Deposit payable	19,631,477	15,973,202	24,500
Retention sum	1,386,697	1,121,800	-
Provision for foreseeable losses of affordable housing	77,914,354	65,252,966	65,252,966
	98,932,528	82,347,968	65,277,466
Total trade and other payables	215,019,184	143,676,287	147,472,031
Add: Loans and borrowings	229,980,139	243,009,275	167,994,550
Total financial liabilities carried at amortised cost	444,999,323	386,685,562	315,466,581

	Company	
	2012	**2011**
Current	**RM**	**RM**
Other payables		
Amount due to subsidiaries	1,509,625	63,538,953
Accruals and provisions	325,546	192,362
Sundry payables	32,678	32,233
Total financial liabilities carried at amortised cost	1,867,849	63,763,548

(a) Trade payables

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

(b) Sundry payables

Sundry payables are non interest bearing and are repayable on demand.

(c) Amount due to subsidiaries

The amount due to subsidiaries are unsecured, bear interest rate of 1.5% per annum and are repayable on demand.

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

25. OTHER CURRENT LIABILITIES

	Group		
	31.12.2012	31.12.2011	1.1.2011
Current	RM	RM	RM
Progress billings in respect of property development costs	38,480,045	17,851,502	28,174,610

26. DEFERRED TAX (ASSETS)/LIABILITIES

	Company	
	2012	2011
	RM	RM
At 1 January (restated)	6,952,235	1,768,760
Recognised in income statement (Note 11)	4,899,401	5,183,475
At 31 December (restated)	11,851,636	6,952,235
Presented as follows:		
Deferred tax assets	(9,065,609)	(6,786,250)
Deferred tax liabilities	20,917,245	13,738,485
	11,851,636	6,952,235

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

	As at 1 January 2012 RM	Recognised in income statement RM	As at 31 December 2012 RM
Deferred tax (assets)/liabilities of the Group:			
Provision for foreseeable loss	(6,786,250)	(102,000)	(6,888,250)
Revaluation reserve	7,324,522	(31,542)	7,292,980
Property, plant and equipment	6,465,942	7,158,323	13,624,265
Others	(51,979)	(2,125,380)	(2,177,359)
	6,952,235	4,899,401	11,851,636

	As at 1 January 2011 RM	Recognised in income statement RM	As at 31 December 2011 RM
Deferred tax (assets)/liabilities of the Group:			
Provision for foreseeable loss	(6,506,250)	(280,000)	(6,786,250)
Revaluation reserve	7,540,750	(216,228)	7,324,522
Property, plant and equipment	734,260	5,731,682	6,465,942
Others	-	(51,979)	(51,979)
	1,768,760	5,183,475	6,952,235

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 2011	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)
At 1 January 2012/ 31 December 2012	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		Amount	
2012	2011	2012 RM	2011 RM	
Authorised share capital				
At 1 January/31 December	1,000,000,000	1,000,000,000	500,000,000	500,000,000

Warrants 2012/2016

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 2012 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.

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.

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

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

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in Annual General Meeting held on 29 June 2012, 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 (2011 : 390,547,487) issued and fully paid ordinary shares as at 31 December 2012, 4,141,400 (2011 : 4,141,400) were held as treasury shares by the Company. As at 31 December 2012, the number of ordinary shares in issue after the set off is therefore 386,406,087 (2011 : 386,406,087) ordinary shares of RM0.50 each.

28. REVALUATION RESERVE

Revaluation reserve- Freehold land Group	RM
At 1 January 2012	18,435,180
Realised revaluation reserve	(656,826)
At 31 December 2012	17,778,354
At 1 January 2011	19,084,260
Realised revaluation reserve	(649,080)
At 31 December 2011	18,435,180

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 properties 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.

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.

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

29. RETAINED EARNINGS *(Cont'd)*

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007.

As at 31 December 2012, the Company has tax exempt profits available for distribution of approximately RM855,000 (2011 : RM855,000), subject to the agreement of the Inland Revenue Board.

As at 31 December 2012, the Company has sufficient credit in the 108 balance to pay frank dividends amounting to RM164,529,000 (2011 : RM164,529,000) out of its retained earnings. If the balance of the retained earnings of RM24,117,000 (2011: RM Nil) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

30. COMMITMENTS

(a) Capital commitments

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Approved and contracted for:			
Acquisition of land	15,620,343	25,583,892	49,500,000
Construction of investment properties and property, plant and equipment	17,625,693	21,432,470	27,907,270
	33,246,036	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 :

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Not later than 1 year	9,138,066	8,461,015	8,297,763
Later than 1 year but not later than 5 years	32,517,427	35,918,278	35,615,428
Later than 5 years	5,609,615	11,219,230	19,882,295
	47,265,108	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) Finance lease commitments

The Group has finance lease for motor vehicles. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows :

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Minimum lease payment			
Not later than 1 year	87,477	473,464	316,200
Later than 1 year and not later than 2 years	-	87,477	263,500
Total future minimum lease payments	87,477	560,941	579,700
Less: Future finance charges	(996)	(16,099)	(27,324)
Present value of finance lease liabilities	86,481	544,842	552,376
Analysis of present value of finance lease liabilities:			
Not later than 1 year	86,481	458,361	294,816
Later than 1 year and not later than 2 years	-	86,481	257,560
	86,481	544,842	552,376
Less: Amount due within 12 months	(86,481)	(458,361)	(294,816)
Amount due after 12 months	-	86,481	257,560

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:

	2012 RM	2011 RM
Company		
Management fees received from subsidiaries	1,904,800	1,292,000
Loan interest received from subsidiaries	6,501,940	-
Loan interest paid to subsidiaries	10,018	-
Dividend received from subsidiaries	85,297,500	3,000
Group		
Rental received from :		
Bestari Bestmart Sdn. Bhd. (Note a)	1,512,000	1,512,000
Harapan Terang Motor Sdn. Bhd. (Note b)	20,400	20,400
Bintang-Bintang Sdn. Bhd. (Note c)	150,000	126,000
Purchases from :		
Harapan Terang Motor Sdn. Bhd. (Note b)	44,245	37,918
Wawasan Batu-Bata Sdn. Bhd. (Note d)	5,284,230	2,901,384

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

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

(a) Rental and trading of goods and services *(Cont'd)*

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.

(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	
	2012 RM	2011 RM	2012 RM	2011 RM
Short-term employee benefits	20,129,740	4,880,400	1,498,500	977,800
Post-employment benefits :				
Social security contributions	6,463	6,699	2,479	2,715
Defined contribution plan	2,415,636	564,888	179,820	117,336
	22,551,839	5,451,987	1,680,799	1,097,851

Included in the total compensation of key management personnel are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors' remuneration	22,551,839	5,451,987	1,680,799	1,097,851

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

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

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

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

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

The Group's primary interest rate risk relates to interest-bearing debt. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or repurchase agreements which yield better returns than cash at bank. The Group does not use derivative financial instruments to hedge interest rate risk.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

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.

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.

On demand or within one year Group	<------ 2012			------>
	One to five years RM	Over five years RM	Total RM	RM
Financial liabilities				
Trade and other payables	116,086,656	21,018,174	77,914,354	215,019,184
Loans and borrowings	88,479,406	135,553,893	32,408,256	256,441,555
Total undiscounted financial liabilities	204,566,062	156,572,067	110,322,610	471,460,739

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

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

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

	<------------------------- 2011 ------------------------->			
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

	<------------------------- 2012 ------------------------->			
Company	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities				
Trade and other payables, excluding financial guarantees, representing total undiscounted financial liabilities *	1,867,849	-	-	1,867,849

	<------------------------- 2011 ------------------------->			
Company	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
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.

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

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

(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.

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 RM248,400,276 (2011 : RM243,154,554) 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.

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

34. SEGMENT INFORMATION

For management purposes, the Group is organised into five 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 and hotel;

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

(v) Car park operation - Car park management services

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.

2012	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	315,168,755	-	-	-	-	-	315,168,755
- Rental income	-	-	56,595,886	-	-	-	56,595,886
- Hotel, food and beverage	-	-	28,767,148	-	-	-	28,767,148
- Carpark income	-	-	-	2,337,845	-	-	2,337,845
Inter-segment	-	-	989,806	-	87,202,300	(88,192,106)	-
	315,168,755	-	86,352,840	2,337,845	87,202,300	(88,192,106)	402,869,634
Other Income							
- Fair value adjustments	-	-	2,521,649	-	-	-	2,521,649
- Rental income	3,704,271	-	-	-	-	-	3,704,271
- Others	4,788,404	-	-	3,587	417	-	4,792,408
Inter-segment	1,297,626	-	300,000	-	6,501,523	(8,099,149)	-
	9,790,301	-	2,821,649	3,587	6,501,940	(8,099,149)	11,018,328
Results							
Segment results	121,786,842	(5,083)	62,208,043	1,911,590	91,736,834	(93,096,649)	184,541,577
Finance costs							(11,524,335)
							173,017,242
Income tax expense							(45,210,618)
Profit net of tax							127,806,624

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

34. SEGMENT INFORMATION *(Cont'd)*

2012	Property development RM	Property management RM	Property investment RM	Carpark operation RM	Investment holding RM	Eliminations RM	Consolidated RM
Assets							
Segment assets	1,070,509,687	4,795	555,489,382	819,563	430,328,167	(430,481,800)	1,626,669,794
Consolidated total assets							1,626,669,794
Liabilities							
Segment liabilities	836,657,889	37,561	26,708,408	195,296	2,304,368	(346,820,165)	519,083,357
Consolidated total liabilities							519,083,357
Other information							
Capital expenditure	2,786,675	-	52,689,998	-	-	-	55,476,673
Depreciation and amortisation	1,178,436	-	2,614,391	-	1,335	-	3,794,162

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							(30,962,667)
Profit net of tax							81,248,758

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

34. SEGMENT INFORMATION *(Cont'd)*

2011	Property development RM	Property management RM	Property investment RM	Carpark operation RM	Investment holding RM	Eliminations RM	Consolidated RM
Assets							
Segment assets	952,386,729	7,157	511,333,450	1,382,813	401,701,405	(465,164,326)	1,401,647,228
Consolidated total assets							1,401,647,228
Liabilities							
Segment liabilities	737,088,985	29,564	2,307,684	178,926	63,764,947	(381,502,691)	421,867,415
Consolidated total liabilities							421,867,415
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

35. MATERIAL LITIGATIONS

In the previous financial year, a 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 the final decision by the courts.

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 2012 and 31 December 2011.

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

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

36. CAPITAL MANAGEMENT *(Cont'd)*

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Loans and borrowings	23	229,980,139	243,009,275	-	-
Trade and other payables	24	215,019,184	143,676,287	1,867,849	63,763,548
Less:					
Cash and bank balances	22	(44,875,923)	(16,412,473)	(1,366,509)	(85,369)
Net debt		400,123,400	370,273,089	501,340	63,678,179
Equity		1,107,586,437	979,779,813	428,023,799	337,936,458
Total capital		1,107,586,437	979,779,813	428,023,799	337,936,458
Capital and net debt		1,507,709,837	1,350,052,902	428,525,139	401,614,637
Gearing ratio		27%	27%	0%	16%

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 26 April 2013

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 2012 and 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 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 2012 RM	Group As at 31 December 2011 RM
Total retained profits of the Company and its subsidiaries:		
- Realised	760,351,419	642,159,588
- Unrealised	153,196,222	142,924,603
	913,547,641	785,084,191
Less: Consolidation adjustments	(62,262,627)	(62,262,627)
Retained profits as per financial statements	851,285,014	722,821,564

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

38. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED *(Cont'd)*

	Company	
	As at 31 December 2012 RM	**As at 31 December 2011 RM**
Total retained profits of the Company:		
- Realised	189,500,730	99,413,389
- Unrealised	-	-
	189,500,730	99,413,389
Less: Consolidation adjustments	-	-
Retained profits as per financial statements	189,500,730	99,413,389

LIST OF MAJOR PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2012

No.	Lot No.	Description	Area (sq. ft.)	Existing Use	Tenure	Approximate Age (Year)	Net Book Value as at 31.12.2012 (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 Mall	Freehold	2	212,488,129	28.12.2012
02.	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	-	186,883,737	01.11.2007
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 Resort & Apartment	Freehold	–	167,596,211	21.03.2006
04.	Lot 2437 (CT 13581) Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	10,458,320	Taman Bestari Indah	Freehold	–	145,996,257	27.02.2002
05.	Lot 3047 Grant 19318 Mukim of Kluang District of Kluang Johor Darul Takzim	Subdivided land under development	6,068,779	Taman Mengkibol	Freehold	–	73,199,222	12.11.2010
06.	PTD 136166 (Partially) Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Commercial complex	186,872	Giant Nusa Bestari	Freehold	4	69,000,000	28.12.2012
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	-	67,950,000	07.12.2012
08.	Lot 6530 Mukim of Kesang District of Muar Johor Darul Takzim	Commercial complex	175,677	Giant Muar	Leasehold expired on 12.09.2098	6	62,000,000	28.12.2012
09.	PTD 84133 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	3,580,096	Taman Kempas Indah	Freehold	–	57,970,348	16.08.2002
10.	HS(D) 258295 PTD 71065 HS(D) 257249 PTD 71047 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Subdivided land under development	802,637	Taman Nusa Bestari	Freehold	–	35,760,129	17.04.2003

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 8 MAY 2013

Size of Holdings	No. of Shareholders	No. of Shareholdings	Percentage of Shareholdings (%)
1 – 99	315	12,293	0.00
100 – 1,000	246	165,352	0.04
1,001 – 10,000	1,455	6,351,406	1.64
10,001 – 100,000	390	12,366,960	3.20
100,001 – 19,320,303 (*)	132	170,924,454	44.24
19,320,304 and above (**)	3	196,585,622	50.88
Total	**2,541**	**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 8 MAY 2013

		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.	GohTyau 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 8 MAY 2013

		Direct Shareholdings		Indirect Shareholdings	
No.	**Substantial Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Premiere Sector Sdn. Bhd.	144,800,000	37.47	-	-
2.	Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	4.71	146,266,666*	37.85
3.	Ku Hwa Seng	17,765,752	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	30,734,545	7.95	-	-

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 8 MAY 2013

No.	**Name**	**No. of Shares**	**%**
1.	Premiere Sector Sdn. Bhd.	144,800,000	37.47
2.	Lembaga Tabung Haji	30,734,545	7.95
3.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank NA, Singapore (Julius Baer)	21,051,077	5.45
4.	Amanahraya Trustees Berhad Public Smallcap Fund	19,053,000	4.93
5.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For Royal Bank of Canada (Asia) Limited	12,062,100	3.12
6.	Khoo Cheng Hai @ Ku Cheng Hai	10,666,666	2.76
7.	Ku Hwa Seng	10,666,666	2.76
8.	Khoo Cheng Hai @ Ku Cheng Hai	7,518,001	1.95
9.	Ku Tien Sek	7,431,104	1.92
10.	Damai Motor Kredit Sdn. Bhd.	6,912,248	1.79
11.	Ku Hwa Seng	6,599,086	1.71
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	4,746,600	1.23
13.	Strata Century Sdn. Bhd.	4,674,990	1.21
14.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	3,900,000	1.01
15.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	3,897,100	1.01
16.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Credit Suisse	3,840,000	0.99
17.	Ku Tien Sek	3,555,556	0.92
18.	Ku Wa Chong	3,339,912	0.86
19.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For Credit Industriel Et Commercial	3,003,200	0.78
20.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	2,912,600	0.75

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 8 MAY 2013 *(Cont'd)*

No.	Name	No. of Shares	%
21.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad	2,668,000	0.69
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad	2,594,500	0.67
23.	HSBC Nominees (Asing) Sdn. Bhd. BNY Brussels For Invesco Perpetual Global Smaller Companies Fund	2,520,900	0.65
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan)	2,365,700	0.61
25.	Amanahraya Trustees Berhad PB Asia Real Estate Income Fund	1,878,100	0.49
26	HSBC Nominees (Asing) Sdn. Bhd. BNYM SA/NV For Invesco Global Small Cap Equity Fund	1,633,000	0.42
27.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For Dimensional Emerging Markets Value Fund	1,607,366	0.42
28.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	1,518,700	0.39
29.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securites Account For Khoo Keng Ghiap	1,466,666	0.38
30.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd For MAAKL Al-Fauzan	1,298,800	0.34

ANALYSIS OF WARRANT HOLDINGS

No. of Warrants in issue	:	96,601,521
No. of Warrant Holders	:	804
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 } in the meeting of warrant holders

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 8 MAY 2013

Size of Warrant Holdings	No. of Warrant Holders	(%)	No. of Warrants	(%)
1 – 99	17	2.11	752	0.00
100 – 1,000	240	29.85	173,300	0.18
1,001 – 10,000	363	45.15	1,307,943	1.35
10,001 – 100,000	117	14.55	4,046,103	4.19
100,001 – 4,830,075 (*)	65	8.09	49,916,593	51.67
4,830,076 and above (**)	2	0.25	41,156,830	42.61
Total	**804**	**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 8 MAY 2013

		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	5,801,876	6.00	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 8 MAY 2013

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)	4,448,194	4.60
5.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For Royal Bank of Canada (Asia) Limited	2,976,000	3.08
6.	Amanahraya Trustees Berhad Public Smallcap Fund	2,488,250	2.58
7.	HDM Nominees (Asing) Sdn. Bhd. Phillip Securities Pte Ltd For Mohamed Bin Abdullah Alhabshee	2,400,000	2.48
8.	Ku TienSek	2,384,100	2.47
9.	Amanahraya Trustees Berahd Public Far-East Property & Resorts Fund	2,306,750	2.39
10.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Credit Suisse	2,270,500	2.35
11.	Khoo Cheng Hai @ Ku Cheng Hai	1,879,500	1.95
12.	Ku Tien Sek	1,857,776	1.92
13.	Ku Hwa Seng	1,649,771	1.71
14.	Teo Ah Seng	1,613,100	1.67
15.	Ku Tien Sek	1,560,000	1.61
16.	Maybank Securities Nominees (Asing) Sdn. Bhd. Maybank Kim Eng Securities Pte Ltd For CYL Investments Limited	1,345,300	1.39
17.	Strata Century Sdn. Bhd.	947,597	0.98
18.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	896,550	0.93
19.	Ku Wa Chong	834,978	0.86
20.	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	712,700	0.74
21.	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt An For Credit Industriel ET Commercial	602,000	0.62
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Yeoh Kok Keat	600,000	0.62
23.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Seng Low	570,000	0.59
24.	Muhammad Muzhafar Bin Mohd Mukhtar	550,400	0.57
25.	HDM Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd For Ken Khachaturyan	529,000	0.55
26.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Teo Ah Seng	487,000	0.50
27.	Lim Chian Peng	480,000	0.50
28.	Tey Yon Koi	436,750	0.45
29.	Tee See Kim	420,000	0.43
30.	RHB Nominees (Tempatan) Sdn. Bhd. Maybank Kim Eng Securities Pte. Ltd. For Sin Khuan Oi	398,000	0.41

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 27 May 2013, the Company announced that the approval granted by the shareholders at the Twelfth AGM of KSL held on 29 June 2012 for the Company to purchase its own shares shall expire at the conclusion of the forthcoming Thirteenth AGM and that the Company proposed to seek a renewal of the approval from the shareholders at the forthcoming Thirteenth AGM to be held on 28 June 2013, 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 Thirteenth AGM to be held on 28 June 2013 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 2012, the retained profits and share premium account of the Company amounted to RM189,500,730 and RM28,868,900 respectively. For information purposes, the latest unaudited retained profits and share premium account of the Company as at 31 March 2013 amounted to RM189,235,505 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:-

5.1 Share Capital

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

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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 Proposed Rights Issue 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 8 May 2013.*

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 the same in Ringgit term as in the previous year and as there will be less number of Shares 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 8 May 2013, 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 8 May 2013[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	30,734,545	7.95	-	-	30,734,545	8.74	-	-

(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 8 May 2013[i]				Assuming Warrants are fully exercised into new KSL Shares and 10% of the KSL Shares are fully exercised [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	5.17	182,833,332 [a]	41.71
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	30,734,545	7.95	-	-	30,734,545	7.01	-	-

(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 2012

The Company did not purchase its own Shares from the open market during the financial year ended 31 December 2012.

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 8 May 2013, 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 8 May 2013, 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 41.28% 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 Thirteenth 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 ____

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Thirteenth 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, 28 June 2013 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		
8.	Resolution 8		
9.	Resolution 9		

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

Dated this ………..… day of ……………………..…… 2013

Number of shares held:	

____
(Signature/Common Seal of Member)

Notes:-

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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, 26 June 2013 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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KSL
city