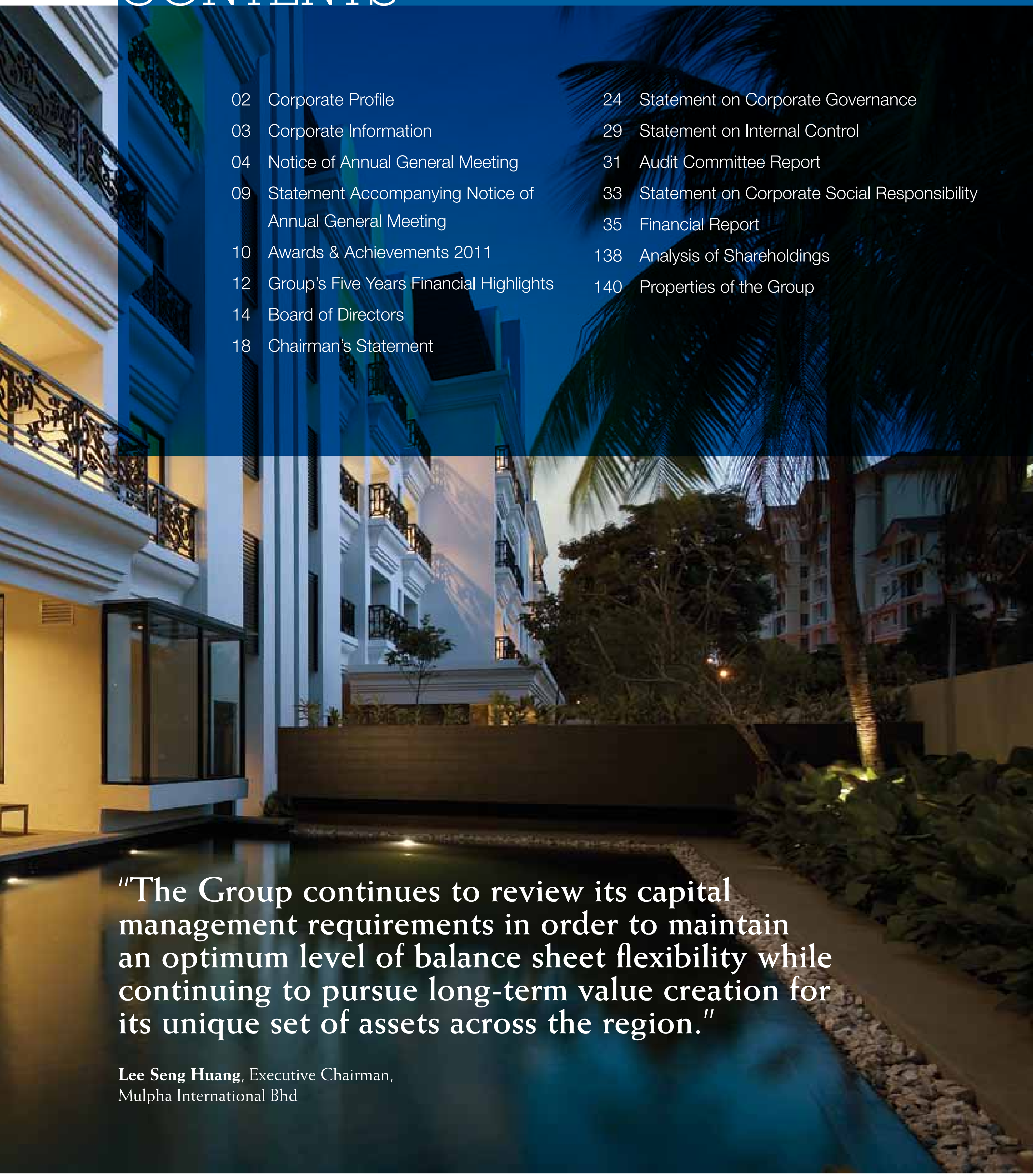
MULPHA INTERNATIONAL BHD

Bayou Water Village,
Leisure Farm Resort, Johor.

ANNUAL REPORT 2011

CONTENTS



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

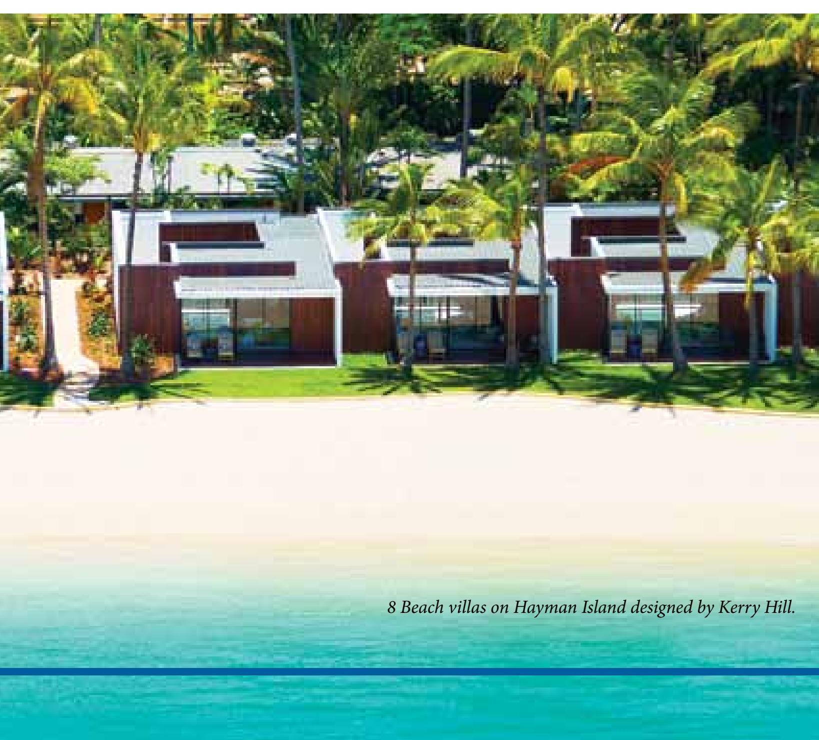
Lee Seng Huang, Executive Chairman,
Mulpha International Bhd

CORPORATE PROFILE

Mulpha International Bhd is a diversified conglomerate and a component stock of the Bursa Malaysia Composite Index since 1983 and listed on the Main Market of Bursa Malaysia Securities Berhad. Its shareholder's fund is in excess of RM 3.0 billion.

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

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



8 Beach villas on Hayman Island designed by Kerry Hill.

CORPORATE INFORMATION

DIRECTORS

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

JOINT COMPANY SECRETARIES

Lee Wai Ngan
Chan Toye Ying

REGISTERED OFFICE

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

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

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

REGISTRARS

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Eighth Annual General Meeting of Mulpha International Bhd will be held on Tuesday, 19 June 2012 at 10.00 am at Holiday Villa, No. 9, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Directors' Report and the audited financial statements for the year ended 31 December 2011 and the Auditors' Report thereon. ***(Please refer to Note A)***

2. To re-elect the following Directors who retire in accordance with Article 101 of the Company's Articles of Association:-
   (i) Mr Chung Tze Hien **(Ordinary Resolution 1)**
   (ii) Mr Chew Hoy Ping **(Ordinary Resolution 2)**

3. To re-elect the following Directors who retire in accordance with Article 92 of the Company's Articles of Association:-
   (i) YB Dato' Yusli Bin Mohamed Yusoff **(Ordinary Resolution 3)**
   (ii) Mr Loong Caesar **(Ordinary Resolution 4)**

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

5. To approve the payment of Directors' fees for the year ended 31 December 2011. **(Ordinary Resolution 7)**

6. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

   Notice of Nomination dated 10 May 2012, a shareholder of Mulpha International Bhd, pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed in the Annual Report as "Appendix I" has been received by the Company for the nomination of Messrs KPMG, who have given their consent to act, for appointment as Auditors and of the intention to propose the following Ordinary Resolution at the Annual General Meeting of the Company:-

   "THAT Messrs KPMG be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

AS SPECIAL BUSINESS

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

7. Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 **(Ordinary Resolution 9)**

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

8. Proposed Renewal of Authority to Allot and Issue New Ordinary Shares of RM0.50 each in the Company for the purpose of the Company's Dividend Reinvestment Plan **(Ordinary Resolution 10)**

   "THAT pursuant to the Dividend Reinvestment Plan as approved at the Extraordinary General Meeting held on 27 June 2011, the Directors of the Company be and are hereby authorized to allot and issue such number of new ordinary shares of RM0.50 each in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next AGM;

   AND THAT authority be and is hereby given to the Directors of the Company to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or at the discretion of the Directors in the best interest of the Company."

9. Proposed renewal of authority for the purchases by the Company of its own shares **(Ordinary Resolution 11)**

   "THAT subject to compliance with the Companies Act, 1965, the Articles of Association of the Company, regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("BMSB"), approval be and is hereby given to the Company to utilise an amount not exceeding the share premium account of the Company which stood at RM 579,863,000 as at 31 December 2011 to purchase such amount of ordinary shares of RM 0.50 each in the Company as may be determined by the Directors of the Company from time to time on BMSB upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held as treasury shares pursuant to this resolution does not exceed ten (10) percent of the issued and paid-up share capital of the Company for the time being;

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

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

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

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

   whichever occurs first.

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

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

10. Proposed amendments to the Company's Articles of Association **(Special Resolution)**

    "**THAT**, the proposed amendments to the Articles of Association of the Company as set out in Appendix II of this Annual Report be and are hereby approved and adopted **AND THAT** the Board of Directors be and is hereby authorised to give effect to the said amendments to the Articles of Association accordingly."

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

By order of the Board

LEE WAI NGAN (LS 00184)
CHAN TOYE YING (LS 00185)
Joint Company Secretaries

Petaling Jaya
28 May 2012

Notes

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

Explanatory Note A

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 shareholders for the audited financial statements. As such, this item is not put forward for voting.

Explanatory notes on Special Business

1. Ordinary Resolution 9 - Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965

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

2. Ordinary Resolution 11 - Proposed renewal of authority for the purchases by the Company of its own shares

   The details on Ordinary Resolution 11 on the proposed renewal of share buyback authority are set out in Part A: Share Buyback Statement to shareholders dated 28 May 2012 which is enclosed with the Annual Report 2011.

3. Special Resolution - Proposed amendments to the Company's Articles of Association

   The proposed amendments will bring the Articles of Association of the Company in line with the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements. The details of the proposed amendments are set out in Appendix II of this Annual Report.

General Meeting Record of Depositors

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 13 June 2012 ("General Meeting Record of Depositors") and only a Depositor whose name appears in the General Meeting Record of Depositors shall be entitled to attend this meeting.

NAUTICAL INVESTMENTS LIMITED

(Incorporated in the British Virgin Islands with limited liability)

c/o No. 17, Jalan Semangat, 46200 Petaling Jaya

10th May 2012

The Board of Directors
Mulpha International Berhad
No. 17, Jalan Semangat
46200 Petaling Jaya
Selangor

Dear Sirs,

RE: MULPHA INTERNATIONAL BERHAD – CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, Nautical Investments Limited, being a shareholder of Mulpha International Berhad hereby gives notice of our intention to nominate Messrs KPMG for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company to replace the existing auditors Messrs Earnst & Young.

> "That Messrs KPMG be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,
NAUTICAL INVESTMENTS LIMITED

LEE SENG HUI
Director

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Company proposes to implement the following amendments to the Articles of Association of the Company ("Proposed Amendments") to comply with the amended provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad :-

No.	Existing Articles	Proposed Amendments
65(a)	The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.	The notices convening meetings shall specify the place, day and hour of the meeting. **The notices shall also include the date of the Record of Depositors, as at the latest date which is reasonably practical and in any event shall not be less than three (3) market days before the meeting for the purpose of determining whether a depositor shall be regarded as a Member entitled to attend, speak and vote at the meeting. The notices** shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.
80	Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, on a resolution to be decided on a show of hands, every member present in person or by proxy or represented by attorney and entitled to vote shall have one vote and upon a poll every such member shall have one vote for every share held by him. A proxy or attorney need not be a member of the Company.	Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, on a resolution to be decided on a show of hands, every member present in person or by proxy or represented by attorney and entitled to vote shall have one vote and upon a poll every such member shall have one vote for every share held by him. A proxy or attorney need not be a member of the Company. **There shall be no restrictions as to the qualification of the proxy**.
84	A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.	A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. **A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting**.
84A	Appointment of at least one proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Appointment of **more than** one **proxy**. **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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.**
87	Any instrument appointing a proxy shall be in writing in the common form or any form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing.	Any instrument appointing a proxy shall be in writing in the common form or any form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing. **Where a Member or the authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies**.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Sanctuary Cove is Australia's leading resort-style masterplanned community.

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

   Under Article 101

Mr Chung Tze Hien	**(Ordinary Resolution 2)**
Mr Chew Hoy Ping	**(Ordinary Resolution 3)**

   Under Article 92

YB Dato' Yusli Bin Mohamed Yusoff	**(Ordinary Resolution 4)**
Mr Loong Caesar	**(Ordinary Resolution 5)**

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

YB Dato' Robert Chan Woot Khoon	**(Ordinary Resolution 6)**
YB Dato' Lim Say Chong	**(Ordinary Resolution 7)**

Please refer to "Directors' Profile" on pages 14 to 16 for information on the above Directors.

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

   The Thirty Eighth Annual General Meeting of Mulpha International Bhd will be held at Holiday Villa, No. 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 19 June 2012 at 10.00 am.

AWARDS & ACHIEVEMENTS 2011

HAYMAN

Australian Tourism Awards
Hall of Fame – Best Luxury Accommodation

Queensland Tourism Awards
Hall of Fame – Best Luxury Accommodation

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

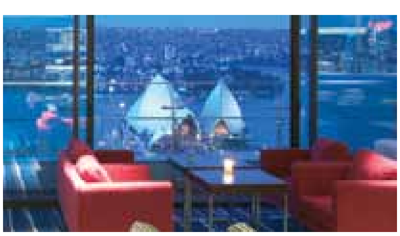
Luxury Travel & Style Magazine Gold List
Hall of Fame – Best Australian Resort

Travel + Leisure US
Top Hotels Australia, New Zealand & South Pacific

Conde Nast Traveller UK
Top 10 Spas Australasia & South Pacific

Tatler UK
Top 101 Hotels

Pevonia National Awards
Hotel/Resort Spa Customer Service Excellence



INTERCONTINENTAL SYDNEY

HM Awards for Hotel and Accommodation Excellence
Best Business Hotel and Hotel of the Year

Business Review Australia
Top 10 Hotels in Sydney

Travel + Leisure World's Best Hotel Awards
Best City Hotel in Sydney

Australian Hotels Association, NSW
Best Environmental Initiative

Australian Hotels Association, NSW
Engineer of the Year

SANCTUARY COVE

Global Awards "Most Outstanding Multi-generational community in the World"
Sanctuary Cove

Restaurant & Catering Award
Awards for Excellence 2011

Best Restaurant in Hotel/Motel/Resort for Gold Coast Region
The Fireplace Restaurant

LEISURE FARM RESORT

FIABCI Malaysia 2011
Residential Low Rise Category
- Bayou Water Village

BIMBADGEN WINERY

2011 International Cool Climate Wine Show
GOLD - Bimbadgen Regions 2010 Sauvignon Blanc

2011 Speigelau International Wine Competition
GOLD - Bimbadgen Signature 2007 Semillon

2011 Cowra Wine Show
SILVER - Bimbadgen Regions 2010 Pinot Noir

2011 New Zealand International Wine Awards
GOLD - Bimbadgen Signature 2007 McDonalds Road Semillon
SILVER - Bimbadgen Estate 2010 Semillon
SILVER - Bimbadgen Estate 2010 Verdelho
SILVER - Bimbadgen Estate 2011 Verdelho

2011 Riverina International Sweet Wine Challenge
SILVER - Bimbadgen Estate 2006 Botrytis Semillon

2011 123rd Annual Rutherglen Wine Show
GOLD - Bimbadgen Signature 2011 Hunter Valley Semillon
SILVER - Bimbadgen Estate 2011 Semillon

Australian Cool Climate Wine Show 2011
GOLD - Bimbadgen Regions 2010 Sauvignon Blanc

2011 Royal Melbourne Wine Show
SILVER - Bimbadgen Estate 2006 Botrytis Semillon

2011 Wrest Point Royal Hobart Wine Show
SILVER - Bimbadgen Estate 2011 Verdelho

2011 Sydney Royal Wine Show
GOLD - Bimbadgen Estate 2011 Semillon
GOLD - Bimbadgen Estate 2011 Chardonnay

CREATING MEANINGFUL LIFESTYLES

When it comes to establishing developments, Mulpha always strives to create a perfect balance between environment and art. The latest Bayou Creek homes at Leisure Farm are one of the many projects that showcase such brilliance. Incorporating an eco-home design that features exceptional resort facilities in a truly idyllic surrounding, the homes of Bayou Creek offer luxurious yet sustainable living that is sure to enhance the lifestyle of each individual living in the community.

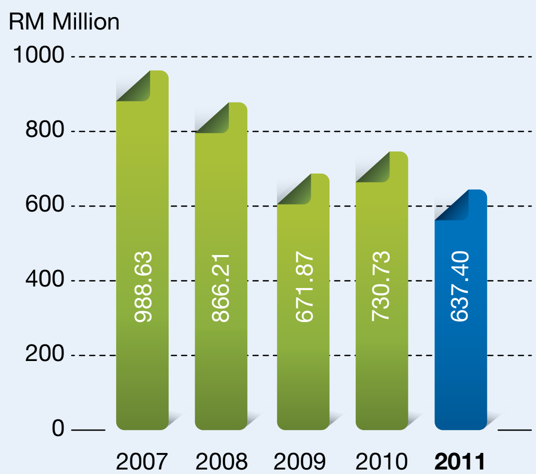
Bayou Creek.

GROUP'S FIVE YEARS FINANCIAL HIGHLIGHTS

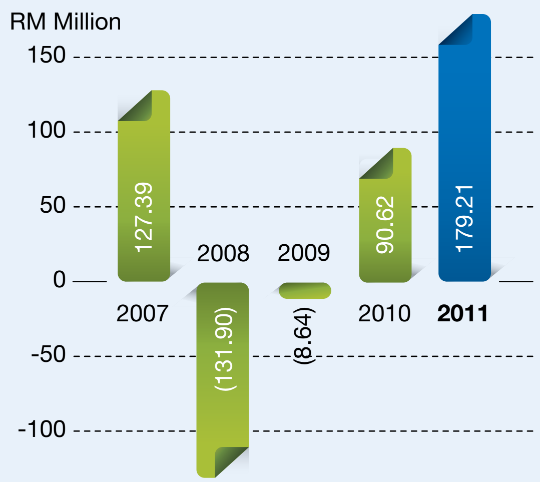
	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Non-Current Assets	3,412,788	3,378,692	3,404,149	2,717,543	2,748,415
Current Assets	1,171,933	1,138,704	745,558	918,482	1,146,187
Total Assets	4,584,721	4,517,396	4,149,707	3,636,025	3,894,602
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	1,177,957	1,177,957	588,978	627,485	627,485
Reserves	1,829,697	1,642,018	1,603,340	1,273,266	1,758,336
Equity Attributable To Equity Holders Of the Company	3,007,654	2,819,975	2,192,318	1,900,751	2,385,821
Non-Controlling Interests	98,957	97,516	48,207	160,751	152,991
Total Equity	3,106,611	2,917,491	2,240,525	2,061,502	2,538,812
Liabilities					
Non-Current Liabilities	305,380	1,166,687	312,238	1,053,057	1,006,745
Current Liabilities	1,172,730	433,218	1,596,944	521,466	349,045
Total Liabilities	1,478,110	1,599,905	1,909,182	1,574,523	1,355,790
Total Equity And Liabilities	4,584,721	4,517,396	4,149,707	3,636,025	3,894,602
GROUP RESULTS					
Profit/(Loss) Before Taxation	179,208	90,615	(8,640)	(131,898)	127,387
Taxation	(3,110)	21,898	19,103	20,549	(7,668)
Profit/(Loss) After Taxation	176,098	112,513	10,463	(111,349)	119,719
Non-Controlling Interests	2,745	(412)	(20,192)	(10,366)	473
Net Profit/(Loss)	178,843	112,101	(9,729)	(121,715)	120,192
SELECTED RATIOS					
Earnings/(Loss) Per 50 Sen Share (Sen)	7.66	5.32	(0.76)	(10.22)	9.90
Net Tangible Assets Per Share (RM)	1.30	1.20	1.85	1.60	1.95

GROUP'S FIVE YEARS FINANCIAL HIGHLIGHTS

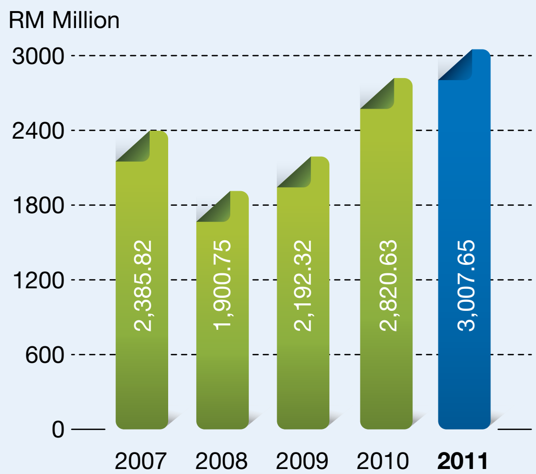
REVENUE



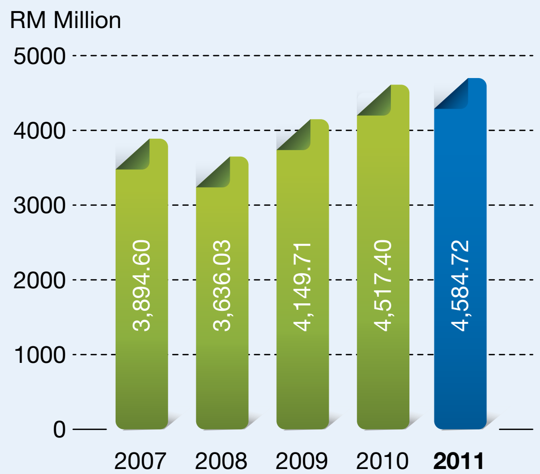
PROFIT/(LOSS) BEFORE TAX



SHAREHOLDERS' FUNDS



TOTAL ASSETS



BOARD OF DIRECTORS

Left to right: Dato' Lim Say Chong, Dato' Robert Chan Woot Khoon, Mr Loong Caesar, Mr Law Chin Wat, Mr Lee Seng Huang, Mr Chew Hoy Ping, Mr Chung Tze Hien, Dato' Yusli bin Mohamed Yusoff, Mr Kong Wah Sang

Mr Lee Seng Huang

Non-Independent Executive Chairman

Mr Lee, aged 37, a Malaysian, was appointed Executive Chairman of the Company on 15 December 2003. He was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region. He has previously served, in various capacities, on the Board of Directors of the Company, as well as Lippo Limited, Lippo China Resources Limited in Hong Kong, Auric Pacific Group Limited in Singapore as well as the Export and Industry Bank, Inc. in the Philippines. He is currently the group Executive chairman of Sun Hung Kai & Co. Ltd. ("SHK"). Listed in Hong Kong, SHK is a leading non-bank financial institution in Hong Kong. Mr Lee is the chairman of FKP Property Group, a leading property developer listed on the Australian Securities Exchange. He is also a Non-Executive Director of Mudajaya Group Berhad and Ambrian Capital PLC, a company listed on the Alternative Investment Market of the London Stock Exchange.

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

Mr Chung Tze Hien

Non-Independent Executive Director
Chairman of Tender Committee
Member of Remuneration and Risk Management Committees

Mr Chung, aged 61, a Malaysian, was appointed Chief Executive Officer of the Company on 27 February 2001. He graduated from the University of Otago, New Zealand with a Commerce Degree and later proceeded to qualify as an Associate Member of the Institute of Chartered Accountants of New Zealand and the Institute of Chartered Secretaries and Administrators of United Kingdom. Prior to joining the Company, Mr Chung worked for and held senior managerial positions in several public listed companies in Hong Kong, Singapore and Malaysia involving a variety of industries and businesses. He is also the Chairman of Mulpha Land Berhad and a Director of Mulpha Australia Limited.

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

Mr Law Chin Wat

Non-Independent Executive Director
Chairman of Risk Management Committee
Member of Tender Committee

Mr Law, aged 60, a Malaysian was appointed as an Executive Director of Mulpha International Bhd on 11 September 2000. Mr Law graduated with a Master of Business Administration degree, (MBA) from University of East Asia, Macau in 1986. He has previously held directorships and been involved in many local and overseas companies dealing in varied businesses including property development & construction, timber, portfolio investments and trading. Prior to this, he has held senior financial management positions in public listed companies after having worked and gained broad experience in finance, auditing and taxation in a major international accounting firm for several years.

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

Dato' Robert Chan Woot Khoon

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

Dato' Robert Chan, aged 73, a Malaysian, was appointed to the Board on 7 July 1997. He was the founder of the Palmco Group of companies and was its Chief Executive Officer from 1971 to 1992 and Executive Director from 1992 to 1995. He has been an office bearer in various palm oil related statutory bodies and associations and is an Ex President and Advisor to the Penang Chinese Chamber of Commerce. He is also a Director of Unico Holdings Bhd.

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

Mr Kong Wah Sang

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

Mr Kong, aged 53, a Malaysian, was appointed to the Board on 21 November 2002. Mr Kong is a graduate of Monash University, Melbourne, Australia with a Bachelor of Economics degree and a member of CPA Australia. He has broad experience in accounting, finance, management consulting and information technology and is presently a Director of a management consulting firm.

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

Mr Chew Hoy Ping

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

Mr Chew, aged 55, a Malaysian, was appointed to the Board on 16 May 2007. He has extensive experience in professional services and banking both locally and internationally. Mr Chew served with PriceWaterhouseCoopers, an international accounting firm, for almost 30 years, during which time he worked in and led a diverse range of accounting and advisory engagements. He also acted in various leadership roles in the firm both in Malaysia and Asia. His expertise covers accounting, corporate finance, business restructurings, mergers and acquisitions, valuations, risk management, and bank management and financing.

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

BOARD OF DIRECTORS

Dato' Lim Say Chong

Independent Non-Executive Director
Member of Audit Committee

Dato' Lim, aged 71, a Malaysian, was appointed to the Board on 6 August 2007. Dato' Lim obtained a Bachelor of Arts with honours in Economics from the University of Malaya and a Masters in Business Administration from the University of British Columbia, Canada. He also attended an Advanced Management Programme at the Harvard Business School, Boston, USA. Dato' Lim worked with the Imperial Chemical Industries (ICI) PLC's Group of Companies in Malaysia and abroad for 30 years, during which time he served on the Board of several companies within the Group in Malaysia and South East Asia. He later became the Managing Director of the ICI (Malaysia) Group for 5 years. Dato' Lim was the Group Managing Director of Chemical Company of Malaysia Bhd from 1989 to 2004. Dato' Lim is the Chairman of Carlsberg Brewery Malaysia Bhd and a Director of Malaysian Carbide Industries Berhad.

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

Dato' Yusli bin Mohamed Yusoff

Independent Non-Executive Director

Dato' Yusli Mohamed Yusoff, aged 53, a Malaysian, was appointed to the Board on 13 July 2011. Dato' Yusli graduated with a Bachelor of Economics from the University of Essex, England and is a member of the Institute of Chartered Accountants, England & Wales, the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia. Dato' Yusli began his career with Peat Marwick Mitchell & Co in London and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering and merchant banking. His career in stockbroking commenced in 2000, when he was appointed the Chief Executive Officer (CEO) of CIMB Securities Sdn Bhd. He also served as the Chairman of the Association of Stockbroking Companies of Malaysia from 2003 to 2004. He was the CEO and Executive Director of Bursa Malaysia Berhad from 10 April 2004 to 31 March 2011. Dato' Yusli is currently the chairman of Mudajaya Group Berhad and a director of YTL Power International Bhd.

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

Mr Loong Caesar

Independent Non-Executive Director

Mr Loong Caesar, aged 52, a Malaysian, was appointed to the Board on 13 July 2011. Mr Loong Caesar is a senior advocate and solicitor practicing at Raslan Loong. He is a corporate and commercial lawyer with extensive experience in all areas of corporate and commercial law including mergers and acquisitions, investment funds, capital markets, securities, listings, public offerings, corporate banking, structured finance, power and corporate restructuring. He was trained at Raffles Institution, Singapore, the London School of Economics and Political Science (LSE) and Caius College, Cambridge University. He was admitted as a Barrister of the Middle Temple, London in 1983 and as an Advocate & Solicitor of the High Court of Malaya in 1985. In 1994 he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore. He is a member of the EU-Malaysia Chamber of Commerce and Industry (EUMCCI), the Malaysia-Australia Business Council (MABC), the Kuala Lumpur Business Club (KLBC) and the Pacific Basin Economic Council (PBEC). He is the legal adviser and trustee of the Worldwide Fund for Nature (WWF) and the Malaysian Youth Orchestra Foundation.

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

SUSTAINING RAPID GROWTH

For more than two decades, Mulpha has progressively built a portfolio of well-renowned property developments and investments in the region. With a repertoire of world-class assets such as Sanctuary Cove, Hayman Great Barrier Reef, InterContinental Hotel and Bimbadgen under its belt, Mulpha has become the largest Malaysian real estate investor and developer in Australia, ensuring profit and growth for its shareholders and business partners.

Bimbadgen Estate.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the year ended 31 December 2011.

99 Macquarie Street is now one of Sydney's most prestigious business addresses.

FINANCIAL HIGHLIGHTS

2011 saw the global economy in recovery, however the sovereign debt problem in the Eurozone continued to dampen market sentiments. The Group's revenue was lower at RM637.4 million in 2011 compared to RM730.7 million reported in 2010. However the Group's pre-tax profit improved to RM176.9 million for the year under review compared to RM84.1 million reported in the previous year. Management's strategy to opportunistically unlock some of the embedded value on our balance sheet resulted in significant gains from the sale of Hilton Melbourne Airport Hotel in Australia, as well as our idle landbank in Malaysia that have collectively contributed to the improvement in performance for the year.

The Group's Shareholders' Funds exceeded the RM3.0 billion mark for the first time since the Group was incorporated, translating to RM1.30 net asset backing per share. As the Group's shares continued to trade at a substantial discount to its net asset backing, the Company as of 30 April 2012 repurchased 70,003,100 shares, at an average of RM0.44 per share, resulting in the return of RM30.5 million in capital. The Board of Directors will again seek your approval at the forthcoming annual general meeting to renew, for another year, the mandate to repurchase up to 10% of the Company's shares in issue.

Chairman of Mulpha, Mr Lee Seng Huang receiving the FIABCI award for Bayou Water Village.

REVIEW OF OPERATIONS

REAL ESTATE

MALAYSIA

Leisure Farm Resort is a 1,765 acre award winning master planned residential development located within Iskandar Malaysia, Johor. Leisure Farm registered revenue of RM52.8 million and a pre-tax profit of RM10.4 million during the year. The latest launch in Leisure Farm is Bayou Creek Canal Residences in Precinct 7, the first Singapore Green Mark and Conquas assessed project. The first phase comprises of 46 bungalows and 50 semi-detached homes, is expected to be completed in 2013. Our award winning Bayou Water Village continued to enjoy brisk sales and was the winner of the FIABCI Malaysia Property Award 2011 in Best Low Rise Residential Category. Bayou Water Village also won international recognition by being honoured with the 2012 Prix de Excellence World Property Award held at St. Petersburg, Russia in May 2012 as the Best Residential Development in the world. This is Leisure Farm's, 7th FIABCI Malaysia Property Awards and Prix de Excellence Award.

Enclave Bangsar, our first high-end Green Featured GBI rated boutique strata bungalow development in Kuala Lumpur is at its final stage of construction with seven luxurious three-storey bungalows being built. Two show units are being readied for viewing with the entire development's completion expected by the end of 2012.

Management took advantage of the strengthening real estate prices by disposing several projects that were at their planning stage. Our land in Jalan Sultan Ismail was sold for a consideration of RM104.63 million, setting the record as the highest price per square foot of land transacted in the vicinity. The decision to dispose the site was made as the impending over-supply of new commercial space in the city centre meant that the proposed development would probably not be able to yield a sufficient return that would commensurate with the capital to be invested. The disposal achieved a pre-tax gain of RM59.4 million for the Group.

Similarly the land owned by Ekspo Melaka Sdn Bhd, a joint venture company with the Melaka State Development Corporation was sold back to the State Government. The disposal resulted in a pre-tax profit of RM16.0 million as well as releasing RM47.3 million to be redeployed for reinvestments.

Enclave Bangsar, the latest project by Mulpha and the first to be developed with GBI green and CONSQUAS BCI certification.

CHAIRMAN'S STATEMENT

AUSTRALIA

Sanctuary Cove, situated in Queensland, our award winning residential community that offers exceptional lifestyle opportunity complemented by two international championship golf courses with its new spectacular clubhouse, four harbours, fourteen restaurants and cafes, boutiques and the 5-star Hyatt Regency Sanctuary Cove hotel. Sanctuary Cove achieved a revenue of AUD24.0 million, which was significantly lower than the previous year's revenue of AUD44.0 million. Trading conditions remain subdued at Sanctuary Cove as Queensland continues to recover from the devastating floods as well as the generally softer Australian property market. Management remains confident with the quality of our development and with the improving market sentiment, Sanctuary Cove would return to profitability.

The Group's hotel division was affected by a diverse range of factors that have impacted its financial performance in 2011. Our InterContinental Hotel in Sydney performed strongly for the year with the Sydney luxury hotel market continuing to be supply constrained. Hyatt Regency Sanctuary Cove's performance was commendable, operating in a very challenging Gold Coast and wider Queensland market. Our Hayman Great Barrier Reef Resort, on the other hand had to be closed for 5 months for repair and remedial works caused by two cyclones that swept through the island early in the year. An amount of approximately AUD40.7 million was spent to restore the Resort. While the majority of the repair costs were covered by insurance, management took the opportunity with the island's closure to undertake general capital improvements to the Resort. Eight new Kerry Hill designed beach villas were added and the Resort's amenities were generally upgraded. Despite the closure, the residential development on Hayman Island saw a new sale of the ultra luxurious Hayman Private Residences. These magnificent Kerry Hill designed residences command selling prices in excess of AUD15.0 million per unit, a record in Australia.

Pre-tax profit for the hotel division increased from AUD17.8 million to AUD85.2 million, with AUD76.7 million of this year's profit being derived from the sale of Hilton Melbourne Airport Hotel. Management took advantage of the strong trading at the Hilton hotel to crystallise the value of the asset for AUD108.9 million, substantially above its book value, in March 2011. An impairment to Hayman Resort's assets amounting to AUD14.2 million was also taken against the division's profit for the year, due to the weaker performance of the Resort as a result of the cyclone closure.

Mulpha FKP Pty Limited, the Group's 50:50 joint-venture with FKP Property Group returned a share of profit of AUD7.6 million, below that of AUD9.0 million achieved in 2010. Mulpha FKP is the developer of the award winning Norwest Business Park Sydney and the master planned residential community of Bella Vista. It will soon commence on the new residential development at Mulgoa Rise, a 57 hectares development located west of Sydney.

Our equity share of profit from our 26% owned associate, FKP Property Group was lower at AUD10.4 million compared with AUD14.5 million in 2010. FKP Property Group is Australia's largest owner and developer of retirement homes. It also has a large pipeline of residential and commercial developments along the coastal cities of Brisbane, Sydney and Melbourne.

Norwest Land continues to pursue its vision to be recognised as a leading property developer achieving best practice in urban development.

Sanctuary Cove International Boat Show attracts visitors from around the world.

Sanctuary Cove offers a unique collection of waterfront, golf course and hillside land offerings with homes.

The Palms is one of two internationally-renowned championship golf courses in Sanctuary Cove.

INFRASTRUCTURE AND CONSTRUCTION

Malaysian listed Mudajaya Group Berhad, a 22.05% associate of the Group performed strongly in 2011 with the Group's share of profit amounting to RM50.8 million. Mudajaya derives its main income from construction which has included the profit from its equipment procurement contracts for the 4 x 360 MW IPP Coal-fired power plant at Chhattisgarh, India. With a significant construction order book of RM3.6 billion, the outlook for Mudajaya's performance is promising. Some of the major on-going construction projects include: (i) recent commencement of the 1,000MW Coal-fired Janamanjung power plant project in Perak, (ii) Crest Sultan Ismail service apartments and office blocks, (iii) 10 Damansara Heights, the 8 units 3-storey luxurious bungalows and 2 units of duplex-condo villas, (iv) Batu Kawah New Township and (v) the Kuala Lumpur-Kuala Selangor expressway Package 1 – Assam Jawa to Kundang and Package 2 – Kundang to Taman Rimba Templer.

CORPORATE DEVELOPMENTS

Disposal of Manta Holdings Company Limited.

Hong Kong listed Manta Holdings Company Ltd ('Manta'), a 75% owned subsidiary of the Group was disposed on the 23 February 2012 for a cash consideration of HK$285.0 (RM115.0 million). A gain on disposal of RM62.7 million has been recognised in the first quarter of 2012. Manta deals with the rental, sales and servicing of the market leading 'Potain' brand of tower cranes. The disposal was in line with the strategy of streamlining the businesses of the Group.

Rights issue of Mulpha Land Berhad ("MLB")

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

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

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

(c) amendments to the memorandum and articles of association of MLB to effect the proposed increase in authorised share capital.

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

CHAIRMAN'S STATEMENT

Due to the ongoing market volatility, MLB had on 30 September 2011 obtained the approval of Bursa Malaysia Securities Berhad ("Bursa") for the extension of six (6) months from 19 November 2011 to 19 May 2012 to implement the above mentioned proposed rights issue. A further extension of six months from 19 May 2012 to 19 November 2012 has subsequently been approved by Bursa.

Disposal of Section 16's land

A site measuring 2.02 hectares situated along Jalan Damansara, Petaling Jaya was disposed for RM70.0 million in March 2012, resulting in a gain of RM6.0 million. The disposal is consistent with the Group's strategy of opportunistically crystallising value of the Group's idle assets and projects that no longer fit our branding or meet our targeted return hurdles relative to the capital committed or required to be committed.

PROSPECTS

The property market is expected to moderate in 2012 with prices likely to see minor correction due to the anaemic global economic recovery. Nevertheless, despite these challenges, management is cautiously optimistic that with a more streamlined balance sheet, coupled with our world class asset base, 2012's performance will continue to be satisfactory.

Esca Bimbadgen showcases wine complemented by cuisine featuring the finest in fresh Australian produce.

One of the key features within the Beach Villas is a large private pool in tandem with an open air gallery and a day bed.

APPRECIATION

Dato' Yusli Mohamed Yusoff and Mr Loong Caesar were appointed the Directors of the Company on 13 July 2011 and on behalf of the Board of Directors, I extend them a warm welcome.

I also wish to thank each member of our staff for their continued effort and dedication. Their contribution and commitment to the Group are invaluable and without them, the Group would not be where we are today. I also wish to extend my appreciation to our shareholders, financiers and customers for their continued support in the past year.

LEE SENG HUANG
Chairman

11 May 2012

With a genuine commitment to preserve and safeguard the environment for future generations, the Group has built its reputation as a green property developer with various award-winning developments that integrate sustainable features and recyclable elements. This vision is brought to life through Mulpha's SEEDS philosophy, which is implemented in projects such as Mulpha's 3G Homes in Leisure Farm and Enclave Bangsar.

FULFILLING GREEN RESPONSIBILITIES

Bayou Creek.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") is committed to the principles of corporate governance as set out in the Malaysian Code on Corporate Governance ("Code") which was revised on 1 October 2007. Set out below is a statement on how the Company has applied the principles and complied with the best practices laid down in the Code for the year ended 31 December 2011.

1. BOARD OF DIRECTORS

1.1 The Board

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

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

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

Four meetings were held during the year ended on 31 December 2011. The following is a record of the attendance of the Directors:-

Director	No. of meetings attended
Mr Lee Seng Huang	4/4
Mr Chung Tze Hien	4/4
Mr Law Chin Wat	4/4
Dato' Robert Chan Woot Khoon	4/4
Mr Kong Wah Sang	4/4
Mr Chew Hoy Ping	4/4
Dato' Lim Say Chong	3/4
Dato' Yusli Bin Mohamed Yusoff	2/2
Mr Loong Caesar	2/2

* Dato' Yusli Bin Mohamed Yusoff and Mr Loong Caesar were appointed to the Board of Mulpha on 13 July 2011.

1.2 Board Balance

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

The Board currently has nine members comprising three Executive Directors and six Non-Executive Directors. Of the six Non-Executive Directors, five are independent, thereby exceeding the one-third requirement.

Collectively, the Directors bring a wide range of business, financial and legal experience relevant to the Group. The role of the Independent Directors provides independent judgement, check and balance on the Board. A brief profile of each Director is presented on pages 14 to 16.

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

1.3 Supply of Information

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

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

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

1.4 Appointments to the Board

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

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

1.5 Re-election

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

1.6 Board Committees

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

(a) Audit Committee
Please refer to the Audit Committee Report on pages 31 to 32.

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

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

The Nomination Committee met three times during the year ended 31 December 2011 and the meetings were attended by all its members.

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

The main responsibilities of the Remuneration Committee are to recommend to the Board the followings:-
(i) remuneration package of each Director; and
(ii) incentive schemes, profit sharing arrangements or the like for management or other employees.

The Remuneration Committee met once during the year ended on 31 December 2011 and the meeting was attended by all its members.

A healthy and stress free environment are offered in Leisure Farm.

STATEMENT ON CORPORATE GOVERNANCE

Bayou Water Village perched over tranquil water with deep overhangings.

2. DIRECTORS' REMUNERATION

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

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

The details of the Directors' remuneration of the Company for the year ended on 31 December 2011 and the analysis into remuneration bands are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	272
Emoluments	1,945	-
Benefits-in-kind	97	-
	2,042	272

Range of remuneration (RM)	Number of Directors Executive	Non-Executive
50,000 and below	-	5
50,001 - 100,000	-	1
300,001 - 350,000	1	-
750,001 - 800,000	1	-
1,150,001 - 1,200,000	1	-

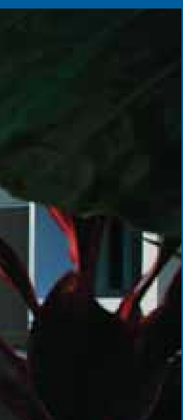
3. SHAREHOLDERS

3.1 Communication Between The Company and Investors

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

3.2 Shareholders' Meeting

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



A spacious living area offered in the homes of Bayou Creek.

The interior of Garden Lodge type homes in Leisure Farm resort.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

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

4.2 Internal Control

The Board affirms its overall responsibility for the Group's system of internal controls covering not only financial controls but also controls relating to operational, compliance and risk management. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. Please refer to the Statement on Internal Control on pages 29 to 30.

4.3 Audit Committee

The information on the Audit Committee is presented in the Audit Committee Report on pages 31 to 32.

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

In preparing the financial statements, the Directors have:

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

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

6. OTHER INFORMATION

6.1 Material Contracts

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

STATEMENT ON CORPORATE GOVERNANCE

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

Composition of Board Committees

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

Attendance at Board Committee Meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management	Tender Committee
Mr Lee Seng Huang Non-Independent Executive Chairman	4/4					
Mr Chung Tze Hien Non-Independent Executive Director	4/4			1/1	1/1	5/5
Mr Law Chin Wat Non-Independent Executive Director	4/4				1/1	5/5
Dato' Robert Chan Woot Khoon Non-Independent Non-Executive Director	4/4		3/3	1/1		
Mr Kong Wah Sang Independent Non-Executive Director	4/4	5/5	3/3	1/1		
Mr Chew Hoy Ping Independent Non-Executive Director	4/4	5/5	3/3			
Dato' Lim Say Chong Independent Non-Executive Director	3/4	5/5				
Dato' Yusli bin Mohamed Yusoff Independent Non-Executive Director	2/2					
Mr Loong Caesar Independent Non-Executive Director	2/2					

C: Chairman M: Member

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

Hayman offers remarkable snorkelling and scuba experiences, especially at Blue Pearl Bay.

Norwest Business Park is home to major corporations, including Woolworths Limited, ResMed and IBM.

RESPONSIBILITY

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

RISK MANAGEMENT

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

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

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

STATEMENT ON INTERNAL CONTROL

Gracemere Manor, a retirement home concept developed by Mulpha's associate, FKP Property Ltd.

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

KEY ELEMENTS OF INTERNAL CONTROL

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

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

INTERNAL AUDIT

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

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

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

MONITORING AND REVIEW OF THE SYSTEM OF INTERNAL CONTROLS

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

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

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

AUDIT COMMITTEE REPORT

Constitution

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

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

Terms of reference

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

1. Composition

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

2. Meetings and Minutes

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

3. Authority

The Committee is authorised by the Board:-

(a) to investigate any activity of the Company and its subsidiaries within its terms of reference;

(b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the Committee;

(c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the experience and expertise if it considers it necessary to do so; and

(d) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company and subsidiaries, whenever deemed necessary.

4. Duties and Responsibilities

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

(a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal;

(b) to review with the external auditors their audit plan, scope and nature of audit;

(c) to review the quarterly and annual financial statements before submission to the Board;

(d) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures;

Bayou Water Village is awarded winner in the low-rise development category at the 2011 FIABCI awards.

AUDIT COMMITTEE REPORT

Bayou Creek homes are built with Mulpha's SEEDS concept in all its design.

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

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

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

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

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

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

Attendance at Meetings

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

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

Activities

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

Internal Audit Functions

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

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

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

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

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

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

The internal audit function is performed in-house by the IAD. The costs incurred for the internal audit function for 2011 amounted to approximately RM119,000.

Raintree residence offers lifestyle living that minimises density and maximises luxury.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

Mulpha International Bhd's philosophy is to integrate corporate social responsibility (CSR) into all day to day business activities. We measure the success in four key areas:

Environment

Workplace

Community

Marketplace

Mulpha recognises that its business activities have a direct and indirect impact on the societies in which it operates. Therefore, sound business practice requires that business decisions give due consideration to the interest of its stakeholders.

ENVIRONMENT

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

Leisure Farm Resort (LFR), the Group's flagship project in Gelang Patah, Johor, was involved in a variety of environmentally and energy conservation efforts throughout 2011. Leisure Farm also positioned itself as a sustainable resort residential development. The novel concept of green living is in line with the Company's ardent adherence to sustainable development and principles. The 3G Homes (Green, Gated and Generation) refers to a new generation of intelligent homes with built-in technologies developed in the best interests of the environment.

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

The Leisure Farm boasts of approximately 380 acres of green spaces and constructions are done around this natural surrounding instead of over it. Green architectural designs such as energy saving light fittings, inverter AC systems, energy efficient hybrid hot water systems, a centralised rainwater harvesting system and water saving toilet fixtures are incorporated to promote the eco-friendly nature of the development. The completed project, Bayou Water Village, integrates a heat dissipating roof system to reduce dependency on artificial energy and low volatile organic compound (VOC) emulsion paint which is environmentally friendly. Specially designated areas such as Canal Park, Kayu Manis Orchard and Mangrove wetlands ensure that the local flora and fauna's growth are maintained.

Every home in Bayou Creek East has been built with Mulpha's SEEDS philosophy. SEEDS refers to sustainability, energy, environment, design and security. The homes in Bayou Creek have adopted green design elements – an indoor courtyard that enhances ventilation and provides natural lighting to reduce the usage of artificial sources. Rainwater harvesting is incorporated in the design to maximise the usage of recycled elements. The homes are also fitted with energy-saving devices such as inverter air-conditioning system and a low voltage water heating system. SEEDS concept will also be utilised in the development of Enclave Bangsar, our 7 units of three-storey bungalows situated in the affluent neighbourhood of Bangsar.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

WORKPLACE

Mulpha strives to become the employer of choice for our current staff and future recruits. We involve our staff in creating a great place to work and also a company they can be proud of. A series of leadership training programmes were conducted as part of the Company's strategy to create leaders from our own rank and to foster working relationships between the staff. Specialised training are also conducted to enhance the skills and performance of our employees. The company also sent selected employees for external training course that are relevant and in line with our business to improve the knowledge and proficiency of our employees. We want to develop and reward the talents that we need as a business through fair and open processes. Mulpha Recreation Club actively promotes and supports activities that improve employees' relationship. The Club encourages staff participation in sporting activities, family day events, and monthly gatherings. These efforts improve the working environment of the Company.

COMMUNITY

2011 marked the sixth year since Arts for Health programme was first initiated by Mulpha. The programme, incorporating different disciplines of arts, targeted hospitalised children with disability. We consolidated the programme in 2011 to focus on three main hospitals, Hospital Selayang, Pusat Perubatan Universiti Kebangsaan Malaysia and Pusat Perubatan Universiti Malaya. We rationalised this approach to ensure that the program will reach our target group and give us ample time to prepare for each programme.

Leisure Farm had organised an autism awareness week in September 2011. The event highlighted the effort to improve the skills of autistic children, a condition that affected 1 in 625 children in Malaysia. The event was graced by the presence of Yap Hanzhen, a young artist with an exceptional attention to detail. His inaugural exhibition in September 2011 at Leisure Farm features 100 pieces from his black and white collection, aptly entitled "The Beautiful 100".

Mulpha Australia ("MAL") actively supports The Professor Harry Messel International Science School ("ISS") at The University of Sydney, an outstanding educational science programme designed to encourage Year 11 and 12 students from Australia and around the world to pursue careers in science, technology and engineering. The ISS is ran biennially by the Science Foundation for Physics and is free to all attending students. Mulpha Australia's ongoing support has helped to ensure the ISS can continue in perpetuity. The Mulpha Leadership Award is presented to the ISS student who has not only demonstrated academic ability but also shown diplomacy, tact and empathy when dealing with individuals from different cultures and countries. The 2011 award recipient is Ms Joelene Puntonoriero from Noonamah in the Northern Territory. MAL also supports the work of the FSHD Global Research Foundation. The FSHD Global Research Foundation is an Australian non-profit organisation dedicated to finding a treatment and cure for Facio-Scapulo-Humeral Dystrophy ("FSHD").

MARKETPLACE

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

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

FINANCIAL REPORT

Positioned on the edge of the world's most stunning harbour, InterContinental Sydney is a true expression in luxury.

DIRECTORS' REPORT

The Directors have the pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are disclosed in Notes 41 and 15 respectively. There have been no significant changes in the nature of the principal activities during the financial year except for the discontinuance of the business related to trading, servicing and rental of construction equipments as disclosed in Note 9.

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

RESULTS

	Group RM'000	Company RM'000
Profit from continuing operations, net of tax	173,791	30,719
Profit from discontinued operation, net of tax	2,307	-
Profit net of tax	176,098	30,719
Profit attributable to:		
Owners of the parent	178,843	30,719
Non-controlling interests	(2,745)	-
	176,098	30,719

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:

(a) the effects arising from the early adoption of IC Interpretation 15: *Agreements for the Construction of Real Estate*, which resulted in a decrease in the Group's profit net of tax by RM283,000 as disclosed in Note 2.2 to the financial statements and

(b) the effects arising from the disposals of certain property, plant and equipment resulting in a gain of RM56,057,000 and assets held for sale resulting in a gain of RM242,496,000 as disclosed in Note 5 to the financial statements of the Group.

DIVIDENDS

No dividend has been paid or declared by the Company since 31 December 2010. The Directors do not recommend any dividend for the financial year ended 31 December 2011.

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:

Lee Seng Huang
Chung Tze Hien
Law Chin Wat
Dato' Robert Chan Woot Khoon
Kong Wah Sang
Chew Hoy Ping
Dato' Lim Say Chong
Dato' Yusli bin Mohamed Yusoff (appointed on 13 July 2011)
Loong Caesar (appointed on 13 July 2011)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 7(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 33 to the financial statements.

DIRECTORS' INTERESTS

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

	<---------------Number of ordinary shares of RM0.50 each-------------->			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
The Company				
Direct interest				
Dato' Robert Chan Woot Khoon	50,000	-	-	50,000
Indirect interest				
Lee Seng Huang	819,787,549	-	-	819,787,549

	<----------------Number of ordinary shares of RM1 each--------------->			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
Bukit Punchor Development Sdn. Bhd.				
Direct interest				
Dato' Robert Chan Woot Khoon	1,800,000	-	-	1,800,000

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

TREASURY SHARES

During the financial year, the Company repurchased 33,333,500 of its issued and paid up ordinary shares from the open market at an average price of RM0.42 per share. The total consideration paid for the repurchase including transaction costs was RM13,910,145. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2011, the Company held treasury shares a total of 44,389,200 out of its 2,355,913,158 issued ordinary shares. Such treasury shares are held at a carrying amount of RM19,351,719 and further relevant details are disclosed in Note 28 to the financial statements.

Subsequent to the financial year and up to the date of this report, the Company repurchased 24,377,200 of its issued and paid up ordinary shares from the open market at an average price of RM0.435 per share. The total consideration paid for repurchase including transaction costs was RM10,607,739. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

OTHER STATUTORY INFORMATION

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

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

    (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

    (ii) the values attributed to 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 methods 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) At the date of this report, there does not exist:

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

(ii) any contingent liabilities of the Group or of the Company which have arisen since the end of the financial year.

(f) In the opinion of the Directors:

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

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

SIGNIFICANT EVENTS

The significant events that occurred during the financial year are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 39 to the financial statements.

AUDITORS

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

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

Chung Tze Hien

Law Chin Wat

STATEMENT BY DIRECTORS

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

We, CHUNG TZE HIEN and LAW CHIN WAT, being two of the Directors of MULPHA INTERNATIONAL BHD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 43 to 136 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 42 on page 137 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

CHUNG TZE HIEN

LAW CHIN WAT

STATUTORY DECLARATION

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

I, CHUNG TZE HIEN, being the Director primarily responsible for the financial management of MULPHA INTERNATIONAL BHD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 136 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 CHUNG TZE HIEN
at Kuala Lumpur in the Federal Territory
on 24 April 2012

CHUNG TZE HIEN

Before me,
R. VASUGI AMMAL
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULPHA INTERNATIONAL BHD (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of Mulpha International Bhd, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 136.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULPHA INTERNATIONAL BHD (CONTD.) (INCORPORATED IN MALAYSIA)

Report on other legal and regulatory requirements

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

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

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

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

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

Other reporting responsibilities

The supplementary information set out in Note 42 to the financial statements on page 137 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF:0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
24 April 2012

INCOME STATEMENTS

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000 (restated)	Company 2011 RM'000	Company 2010 RM'000
Continuing operations					
Revenue	4	637,400	730,733	5,096	1,940
Other income	5	437,325	131,108	51,765	17,671
Changes in inventories of finished goods and work-in-progress		(658)	(5,531)	-	-
Property work-in-progress expensed		(125,099)	(128,775)	-	-
Finished goods and raw materials used		(52,185)	(71,499)	-	-
Employee benefits expenses	7(b)	(226,936)	(232,809)	(5,927)	(5,310)
Depreciation and amortisation		(58,720)	(58,349)	(462)	(396)
Other expenses		(440,975)	(311,137)	(18,552)	(163,408)
Operating profit/(loss)		170,152	53,741	31,920	(149,503)
Finance costs	6	(95,099)	(87,425)	(101)	(2,723)
Share of profit of associates		77,675	92,984	-	-
Share of profit of jointly-controlled entities		24,173	24,818	-	-
Profit/(loss) before tax	7	176,901	84,118	31,819	(152,226)
Income tax (expense)/benefit	8	(3,110)	21,898	(1,100)	-
Profit/(loss) net of tax from continuing operations		173,791	106,016	30,719	(152,226)
Discontinued operations					
Profit net of tax from discontinued operation	9(a)	2,307	6,497	-	-
Profit/(loss) net of tax		176,098	112,513	30,719	(152,226)
Profit/(loss) attributable to:					
Owners of the parent		178,843	112,101	30,719	(152,226)
Non-controlling interests		(2,745)	412	-	-
		176,098	112,513	30,719	(152,226)
Earnings per share attributable to owners of the parent (sen per share):					
Continuing operations	10	7.56	5.01		
Discontinued operation	10	0.10	0.31		
		7.66	5.32		

STATEMENTS OF COMPREHENSIVE INCOME

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Profit/(loss) net of tax	176,098	112,513	30,719	(152,226)
Other comprehensive income:				
Foreign currency translation differences for foreign operations and share of other comprehensive income of associates	31,021	46,059	-	-
Fair value movement of available-for-sale financial assets	(2,971)	3,528	107	-
Equity component of convertible notes of a subsidiary	-	(10,014)	-	-
Revaluation of land and building	7	309	-	-
Other comprehensive income	28,057	39,882	107	-
Total comprehensive income/ (expense) for the year	204,155	152,395	30,826	(152,226)
Total comprehensive income/ (expense) attributable to:				
Owners of the parent	201,589	152,504	30,826	(152,226)
Non-controlling interests	2,566	(109)	-	-
	204,155	152,395	30,826	(152,226)

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

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	Group			Company	
		2011 RM'000	2010 RM'000 (restated)	1.1.2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Assets						
Non-current assets						
Property, plant and equipment	11	1,293,043	1,323,334	1,435,848	2,535	2,830
Investment properties	12	21,216	21,419	21,765	-	-
Prepaid land lease payments	13	3,915	4,004	8,198	-	-
Investment in subsidiaries	14	-	-	-	375,644	373,321
Investment in associates	15	1,189,634	1,124,845	981,790	21,963	22,013
Investment in jointly-controlled entities	16	195,453	179,975	205,500	-	-
Investment securities	17	31,021	3,355	4,376	1,987	1,880
Goodwill	18	9,137	15,071	14,915	-	-
Inventories	19	661,962	694,477	730,969	-	-
Trade and other receivables	20	7,228	7,071	-	-	-
Other non-current assets	21	179	5,141	788	-	-
		3,412,788	3,378,692	3,404,149	402,129	400,044
Current assets						
Inventories	19	399,436	356,024	318,469	-	-
Trade and other receivables	20	213,743	195,115	216,230	1,126,881	1,101,944
Other current assets	22	19,209	38,646	23,965	265	110
Investment securities	17	10,633	9,236	15,980	-	-
Derivative assets		44	-	-	-	-
Income tax recoverable		949	1,897	2,294	67	1,988
Cash and bank balances	23	298,012	373,434	168,620	100,013	99,754
		942,026	974,352	745,558	1,227,226	1,203,796
Non-current assets classified as held for sale	9(b)	63,872	164,352	-	-	-
Assets of disposal group classified as held for sale	9(a)	166,035	-	-	-	-
		1,171,933	1,138,704	745,558	1,227,226	1,203,796
Total assets		4,584,721	4,517,396	4,149,707	1,629,355	1,603,840

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (CONTD.)

		Group			Company	
	Note	2011 RM'000	2010 RM'000 (restated)	1.1.2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Equity and liabilities						
Equity attributable to equity holders of the Company						
Share capital	28	1,177,957	1,177,957	588,978	1,177,957	1,177,957
Share premium	28	579,863	579,863	699,091	579,863	579,863
Treasury shares	28	(19,352)	(5,442)	-	(19,352)	(5,442)
Reserves	29	452,172	441,123	403,099	108,335	108,228
Retained earnings/(accumulated losses)		808,851	626,474	501,150	(281,128)	(311,847)
Reserve of disposal group classified as held for sale	9(a)	8,163	-	-	-	-
		3,007,654	2,819,975	2,192,318	1,565,675	1,548,759
Non-controlling interests		98,957	97,516	48,207	-	-
Total equity		3,106,611	2,917,491	2,240,525	1,565,675	1,548,759
Non-current liabilities						
Trade and other payables	24	5,855	5,727	-	-	-
Provision for liabilities	26	3,855	3,525	3,723	-	-
Deferred tax liabilities	30	73,986	77,734	109,790	-	-
Loans and borrowings	27	221,684	1,079,701	198,725	-	-
		305,380	1,166,687	312,238	-	-
Current liabilities						
Trade and other payables	24	167,536	193,007	246,516	63,680	54,931
Other current liabilities	25	7,821	6,407	547	-	-
Provision for liabilities	26	12,639	11,078	10,591	-	-
Loans and borrowings	27	888,746	202,241	1,330,515	-	150
Income tax payable		6,513	8,756	8,775	-	-
		1,083,255	421,489	1,596,944	63,680	55,081
Liabilities classified as held for sale	9(b)	-	11,729	-	-	-
Liabilities of disposal group classified as held for sale	9(a)	89,475	-	-	-	-
		1,172,730	433,218	1,596,944	63,680	55,081
Total liabilities		1,478,110	1,599,905	1,909,182	63,680	55,081
Total equity and liabilities		4,584,721	4,517,396	4,149,707	1,629,355	1,603,840

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Group	Share capital Note 28 RM'000	Share premium Note 28 RM'000	Revaluation reserve Note 29 RM'000	Exchange reserve Note 29 RM'000	Capital reserve Note 29 RM'000	Other reserve Note 29 RM'000	Treasury shares Note 28 RM'000	Reserve of disposal group classified as held for sale Note 9(a) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<------Attributable to owners of the parent------>											
		<------Non-distributable------>							Distributable			
At 1 January 2011 (as previously stated)	1,177,957	579,863	6,799	330,237	110,205	(6,118)	(5,442)	-	627,130	2,820,631	97,797	2,918,428
Effects of adopting IC Interpretation 15	-	-	-	-	-	-	-	-	(656)	(656)	(281)	(937)
At 1 January 2011 (restated)	1,177,957	579,863	6,799	330,237	110,205	(6,118)	(5,442)	-	626,474	2,819,975	97,516	2,917,491
Total comprehensive income/(expense) for the year	-	-	7	25,707	-	(2,968)	-	-	178,843	201,589	2,566	204,155
Transactions with owners												
Purchase of treasury shares	-	-	-	-	-	-	(13,910)	-	-	(13,910)	-	(13,910)
Dividend	-	-	-	-	-	-	-	-	-	-	(1,125)	(1,125)
Transfer within reserve	-	-	(84)	(3,473)	23	-	-	-	3,534	-	-	-
Reserve attributable to disposal group classified as held for sale	-	-	(580)	(7,436)	(147)	-	-	8,163	-	-	-	-
Total transactions with owners	-	-	(664)	(10,909)	(124)	-	(13,910)	8,163	3,534	(13,910)	(1,125)	(15,035)
At 31 December 2011	1,177,957	579,863	6,142	345,035	110,081	(9,086)	(19,352)	8,163	808,851	3,007,654	98,957	3,106,611

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTD.)

Group (contd.)	Share capital Note 28 RM'000	Share premium Note 28 RM'000	Revaluation reserve Note 29 RM'000	Exchange reserve Note 29 RM'000	Capital reserve Note 29 RM'000	Other reserve Note 29 RM'000	Treasury shares Note 28 RM'000	Reserve of disposal group classified as held for sale Note 9(a) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<---Attributable to owners of the parent									--->		
		<---Non-distributable						--->	Distributable			
At 1 January 2010 (as previously stated)	588,978	699,091	2,062	290,358	110,205	474	-	-	500,979	2,192,147	48,134	2,240,281
Effects of adopting IC Interpretation 15	-	-	-	-	-	-	-	-	171	171	73	244
At 1 January 2010 (restated)	588,978	699,091	2,062	290,358	110,205	474	-	-	501,150	2,192,318	48,207	2,240,525
Total comprehensive income/(expense) for the year	-	-	309	46,686	-	(6,592)	-	-	112,101	152,504	(109)	152,395
Transactions with owners												
Issue of ordinary shares	588,979	(117,797)	-	-	-	-	-	-	-	471,182	-	471,182
Share issuance expense	-	(1,431)	-	-	-	-	-	-	-	(1,431)	-	(1,431)
Purchase of treasury shares	-	-	-	-	-	-	(5,442)	-	-	(5,442)	-	(5,442)
Conversion of convertible notes of a subsidiary	-	-	-	-	-	-	-	-	-	-	46,777	46,777
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,677)	(4,677)
Accretion of subsidiaries	-	-	-	-	-	-	-	-	9,541	9,541	(9,541)	-
Dilution of subsidiaries	-	-	-	-	-	-	-	-	-	-	16,859	16,859
Transfer within reserve	-	-	4,407	(6,807)	-	-	-	-	2,400	-	-	-
Total transactions with owners	588,979	(119,228)	4,407	(6,807)	-	-	(5,442)	-	11,941	473,850	49,418	523,268
Equity accounting for associate and jointly-controlled entities relating to a prior period	-	-	-	-	-	-	-	-	3,480	3,480	-	3,480
Deferred tax (Note 30)	-	-	21	-	-	-	-	-	(2,198)	(2,177)	-	(2,177)
At 31 December 2010	1,177,957	579,863	6,799	330,237	110,205	(6,118)	(5,442)	-	626,474	2,819,975	97,516	2,917,491

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTD.)

Company	Share capital Note 28 RM'000	<---Non-distributable--- Share premium Note 28 RM'000	Capital reserve Note 29 RM'000	Other reserve Note 29 RM'000	Treasury shares Note 28 RM'000 --->	Accumulated losses RM'000	Total equity RM'000
At 1 January 2011	1,177,957	579,863	108,228	-	(5,442)	(311,847)	1,548,759
Total comprehensive income for the year	-	-	-	107	-	30,719	30,826
Transactions with owners							
Shares repurchased	-	-	-	-	(13,910)	-	(13,910)
At 31 December 2011	1,177,957	579,863	108,228	107	(19,352)	(281,128)	1,565,675
At 1 January 2010	588,978	699,091	108,228	-	-	(183,831)	1,212,466
Total comprehensive expense for the year	-	-	-	-	-	(152,226)	(152,226)
Transactions with owners							
Issue of ordinary shares	588,979	(119,228)	-	-	-	-	469,751
Shares repurchased	-	-	-	-	(5,442)	-	(5,442)
Equity contribution by parent arising from waiver of loans by subsidiaries	-	-	-	-	-	24,210	24,210
At 31 December 2010	1,177,957	579,863	108,228	-	(5,442)	(311,847)	1,548,759

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

STATEMENTS OF CASH FLOWS

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Cash flows from operating activities				
Profit/(loss) before tax				
- Continuing operations	176,901	84,118	31,819	(152,226)
- Discontinued operation	(670)	7,571	-	-
	176,231	91,689	31,819	(152,226)
Adjustments for:				
Share of profit of associates	(77,675)	(92,984)	-	-
Share of profit of jointly-controlled entities	(24,173)	(24,818)	-	-
Property, plant and equipment				
- Depreciation	71,631	68,403	462	396
- Impairment loss	58,930	-	-	-
- Written off	20	4	-	4
- Gain on disposal	(56,279)	(8,787)	-	(34)
Amortisation of prepaid lease payments	108	116	-	-
Fair value adjustment in investment properties	-	410	-	-
Impairment of goodwill	2,997	-	-	-
Impairment loss on inventories	146	3,238	-	-
Impairment loss on financial assets				
- Trade receivables	29,158	40,208	-	-
- Amounts due from subsidiaries	-	-	10,225	101,931
Bad debts written off				
- Trade and other receivables	10,742	-	-	-
- Amounts due from subsidiaries	-	-	1,762	-
- Amounts due from associates	5,041	-	-	-
Bad debts recovered	(16)	-	-	-
Impairment loss on investment in				
- Subsidiaries	-	-	-	24,945
- Associates	5,275	7,200	-	-
Loss on disposal of subsidiaries	-	197	-	-
Fair value loss/(gain) for assets held at fair value through profit or loss	456	(726)	-	-
Loss on disposal of financial assets				
- Fair value through profit or loss	559	122	-	-
- Available-for-sale	-	21	-	-
Provision for staff benefits	16,716	13,849	-	-
Gain on disposal of associates	(299)	-	(1,054)	-

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTD.)

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Cash flows from operating activities (contd.)				
Gain on dilution of interest in an associate	-	(29,784)	-	-
Bargain purchase on acquisition of subsidiaries	-	(559)	-	-
Interest income (including discontinued operation)	(8,235)	(9,980)	(15,096)	(14,064)
Net unrealised foreign exchange (gain)/loss	(1,060)	(28,666)	(12,738)	15,743
Gain on disposal of assets held for sale	(242,496)	-	-	-
Write back of inventories	(8,253)	(7,289)	-	-
Gain on disposal of investment properties	(292)	-	-	-
Dividend income	(2,274)	(4,926)	(5,096)	(1,940)
Reversal of impairment loss on				
- Freehold land	-	(12,448)	-	-
- Trade and other receivables	(915)	(1,429)	-	-
- Amounts due from subsidiaries	-	-	(17,515)	-
- Investment in subsidiaries	-	-	(2,323)	-
Interest expense (including discontinued operation)	97,844	89,060	101	2,723
Operating cash flows before changes in working capital	53,887	92,121	(9,453)	(22,522)
Changes in working capital:				
Inventories	(51,673)	1,242	-	-
Receivables	(84,522)	(12,636)	309	16,696
Other current assets	19,393	(15,472)	-	-
Other non-current assets	4,962	(8,726)	-	-
Financial assets through profit or loss	(1,559)	6,187	-	-
Non-current asset classified as held for sale	(1,166)	-	-	-
Payables	5,195	(24,122)	827	(715)
Other current liabilities	1,414	5,860	-	-
Other non-current liabilities	-	16,011	-	-
Intercompany balances	-	-	787	(199,046)
Net changes in working capital	(107,956)	(31,656)	1,923	(183,065)
Cash flows (used in)/generated from operations	(54,069)	60,465	(7,530)	(205,587)
Interest paid (including discontinued operation)	(100,113)	(91,243)	(101)	(2,723)
Interest received (including discontinued operation)	8,235	9,980	15,096	14,064
Income tax (paid)/refunded	(6,004)	(8,702)	821	313
Staff benefits paid	(15,169)	(14,724)	-	-
Net cash flows (used in)/generated from operating activities	(167,120)	(44,224)	8,286	(193,933)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTD.)

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Cash flows from investing activities				
Purchase of available-for-sale financial assets	(31,905)	-	-	-
Purchase of property, plant and equipment	(172,498)	(71,663)	(167)	(2,282)
Proceeds from disposal of assets classified as held for sale	332,701	-	-	-
Proceeds from disposal of				
- Property, plant and equipment	105,743	20,180	-	38
- Investment properties	517	-	-	-
- Available-for-sale financial assets	-	1,037	-	-
- Associates	8,724	-	1,104	-
Refurbishment of investment properties	(22)	(64)	-	-
Additional investment in associates	(31,808)	(20,501)	-	-
Acquisition of subsidiary's share from non-controlling interests	-	(4,119)	-	-
Disposal of subsidiaries, net of cash	-	404	-	-
Dividend received	2,274	4,926	1,749	1,940
Dividend received from associates and a jointly-controlled entity	56,047	56,682	3,347	-
Net cash flows generated from/(used in) investing activities	269,773	(13,118)	6,033	(304)
Cash flows from financing activities				
Purchase of treasury shares	(13,910)	(5,442)	(13,910)	(5,442)
Payment of finance lease liabilities	(15,248)	(27,829)	-	-
Dividend paid to a non-controlling shareholder	(1,125)	-	-	-
Initial public offering proceeds received by a subsidiary	-	19,083	-	-
Rights issue	-	471,183	-	471,183
Rights issue expense	-	(1,431)	-	(1,431)
Net repayment of borrowings	(121,644)	(195,374)	-	(184,800)
Net cash flows (used in)/generated from financing activities	(151,927)	260,190	(13,910)	279,510
Net (decrease)/increase in cash and cash equivalents	(49,274)	202,848	409	85,273
Effect of exchange rate changes	(13,576)	2,099	-	-
Cash and cash equivalents at beginning of year	370,385	165,438	99,604	14,331
Cash and cash equivalents at end of year (Note 23)	307,535	370,385	100,013	99,604

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

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are disclosed in Notes 41 and 15 respectively. There have been no significant changes in the nature of the principal activities during the financial year except for the discontinuance of the business related to trading, servicing and rental of construction equipments as disclosed in Note 9.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 April 2012.

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 ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs and Issues Committee ("IC") Interpretations which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

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

FRS 1: *First-time Adoption of Financial Reporting Standards*	1 July 2010
FRS 3: *Business Combinations (Revised)*	1 July 2010
Amendments to FRS 2: *Share-based Payment*	1 July 2010
Amendments to FRS 5: *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 127: *Consolidated and Separate Financial Statements*	1 July 2010
Amendments to FRS 138: *Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9: *Reassessment of Embedded Derivatives*	1 July 2010
IC Interpretation 12: *Service Concession Arrangements*	1 July 2010
IC Interpretation 16: *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17: *Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 132: *Classification of Rights Issues*	1 March 2010
Improvements to FRSs 2010	1 January 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

Amendments to FRS 1: *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 1: *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2: *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7: *Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4: *Determining Whether An Arrangement contains a Lease*	1 January 2011
IC Interpretation 18: *Transfers of Assets from Customers*	1 January 2011

In addition, the Group and the Company have early adopted IC Interpretation 15: *Agreements for the Construction of Real Estate*.

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

Revised FRS 3: *Business Combination and Amendments to* FRS 127: *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occuring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidary.

Amendments to FRS 7: *Improving Disclosures about Financial Instruments*

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required.

Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 34. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 36(c).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

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

Prior to adoption of IC Interpretation 15, property development revenue and expenses in the statements of comprehensive income were recognised using the stage of completion method for all long-term real estate development projects when the financial outcome of a development activity can be reliably estimated. The early adoption of IC Interpretation 15 has resulted in a change in the accounting policy whereby construction services provided to the buyer's specifications are recorded as revenue only as construction progresses. Otherwise, revenue is recognised only upon completion of the relevant real estate unit.

The adoption of the above interpretation did not have any effect on the financial performance or position of the Company.

The change in accounting policy has been accounted for retrospectively and the following are the effects on the Group's financial statements:

	<----------Decrease---------->	
	2011 RM'000	2010 RM'000
Statement of comprehensive income		
Revenue	(882)	(6,585)
Cost of sales	(599)	(5,404)
Gross profit	(283)	(1,181)
Profit before tax	(283)	(1,181)
Profit net of tax	(283)	(1,181)
Total comprehensive income for the year	(283)	(1,181)

	<------------Increase/(decrease)------------>		
	2011 RM'000	2010 RM'000	1.1.2010 RM'000
Statement of financial position			
Current inventories	5,465	4,866	(538)
Other current assets	(9)	(9)	782
Other current liabilities	6,676	5,794	-
Non-controlling interests	(366)	(281)	73
Retained earnings	(854)	(656)	171

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

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

The following comparatives have been restated:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statement of financial position			
At 31 December 2010			
Land held for property development	755,035	(755,035)	-
Non-current inventories	-	694,477	694,477
Property development costs	239,489	(239,489)	-
Current inventories	51,111	304,913	356,024
Other current assets	38,655	(9)	38,646
Other current liabilities	613	5,794	6,407
Retained earnings	627,130	(656)	626,474
Non-controlling interests	97,797	(281)	97,516
At 1 January 2010			
Land held for property development	782,491	(782,491)	-
Non-current inventories	-	730,969	730,969
Property development costs	207,999	(207,999)	-
Current inventories	59,486	258,983	318,469
Other current assets	23,183	782	23,965
Retained earnings	500,979	171	501,150
Non-controlling interests	48,134	73	48,207
Statement of comprehensive income			
For the financial year ended 31 December 2010			
Revenue	794,475	(6,585)	787,890
Property work-in-progress expensed	134,179	(5,404)	128,775

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Malaysian Financial Reporting Standards ("MFRS")

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

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: *Agriculture* ("MFRS 141") and IC Interpretation 15: *Agreements for Construction of Real Estate* ("IC 15"), including its parent, significant investor and venturer. However, the Group does not opt to defer adoption of the MFRS Framework for an additional one year.

Consequently, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of MFRS Framework.

The Group and the Company have started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of such differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

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 except for unrealised losses, where there are indications of impairment, are not eliminated.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Basis of consolidation (contd.)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.6 Foreign currencies (contd.)

(ii) Foreign currency transactions (contd.)

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

(iii) Foreign operations

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

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the 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 property, 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. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings	20 - 40 years
Leasehold buildings	over period of lease
Plant, machinery, office equipment and furniture	3 - 20 years
Motor vehicles	4 - 7 years

Assets under construction included in capital work-in-progress are not depreciated as these assets are not yet available for use.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.7 Property, plant and equipment (contd.)

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

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

2.8 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. 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 2.7 up to the date of change in use.

2.9 Goodwill

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.9 Goodwill (contd.)

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

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

2.10 Prepaid land lease payments

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

2.11 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.11 Impairment of non-financial assets (contd.)

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 an 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.

2.12 Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

2.13 Associates

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

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.13 Associates (contd.)

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

2.14 Joint-venture

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

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

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

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

2.15 Financial assets

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.15 Financial assets (contd.)

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.15 Financial assets (contd.)

(iv) Available-for-sale financial assets (contd.)

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

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

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

2.16 Impairment of financial assets

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.16 Impairment of financial assets (contd.)

(ii) Unquoted equity securities carried at cost

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

(iii) Available-for-sale financial assets

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

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

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

2.17 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.

2.18 Inventories

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

(i) Properties held for development

Properties held for development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

(ii) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost of properties under development not recognised as an expense is recognised as an asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.18 Inventories (contd.)

(iii) Completed properties

Cost consists of costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

(iv) Others

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw material: Purchase costs on a first-in-first-out/weighted average basis.
- Finished goods and work-in-progress: Costs of direct materials and labour, and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in-first-out/weighted average basis.

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

2.19 Provisions

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

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

2.20 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. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.20 Financial liabilities (contd.)

(ii) Other financial liabilities

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

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

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

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

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

2.21 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.

2.22 Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. 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.

(ii) Defined contribution plans

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.23 Leases

(i) As lessee

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

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

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

(ii) As lessor

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

2.24 Discontinued operation

A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2.25 Revenue recognition

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

(i) Sale of completed properties

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.25 Revenue recognition (contd.)

(ii) Sale of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the Directors consider whether the contract comprises a contract to construct a property or a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when the buyer controls the work in progress, typically when the land on which the development is taking place is owned by the final customer and all significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

(iii) Revenue from services

Revenue is recognised when services are rendered.

(iv) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of lease. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Interest income

Interest income is recognised using the effective interest method.

(vi) Dividend income

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

(vii) Management fees

Management fees are recognised when services are rendered.

(viii) Shares trading

Gains from shares trading is recognised upon completion of the trading contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.26 Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.26 Income taxes (contd.)

(ii) Deferred tax (contd.)

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

Deferred tax assets and deferred tax liabilities are 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.

2.27 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 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issuance expenses

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

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

2.29 Treasury shares

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

2.30 Contingencies

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

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

2.31 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.31 Financial guarantee contracts (contd.)

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(i) Discontinued operation

In December 2011, the management planned to dispose of Manta Holdings Company Limited ("Manta") and its subsidiaries and, therefore classified it as disposal group for sale. The management considered the subsidiaries met the criteria to be classified as held for sale as Manta group is available for immediate sale and can be sold to a potential buyer in its current condition.

For more details on the discontinued operation refer to Note 9(a).

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value and value in use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of investment in associates

The Group carries out impairment test on its investment in associates based on a variety of estimation methods including assessing the market value and value in use of the investments. In determining the value in use, the Group makes an estimate of the expected future cash flows from the associates and adopts a suitable discount rate to compute the present value of the cash flow. Details of the significant assumptions are disclosed in Note 15.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

3.2 Key sources of estimation uncertainty (contd.)

(iv) Investment properties

The Directors value the investment properties based on the comparable market data and the indicative selling price of the investment properties. The value of investment properties may vary based on market conditions and such differences will impact profit or loss. The fair value of investment properties is as disclosed in Note 12.

(v) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value as at 31 December 2011 of recognised tax losses and capital allowances of the Group are disclosed in Note 30.

(vi) Impairment of property, plant and equipment

The Group carries out the impairment test based on a variety of estimation including the value in use of the cash generating units ("CGUs") to which the property, plant and equipment are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(vii) 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.

(viii) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ix) 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 portions 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. Judgement is made on an individual property basis to determine whether portion held for use for administrative purpose is so significant that a property does not qualify as investment property.

4. REVENUE

	Group 2011 RM'000	Group 2010 RM'000 (restated)	Company 2011 RM'000	Company 2010 RM'000
Dividend income	-	-	5,096	1,940
Sale of goods	15,021	17,069	-	-
Performance of services	428,273	484,507	-	-
Sale of properties	192,668	223,987	-	-
Rental of properties and machineries	1,438	1,637	-	-
Shares trading	-	3,533	-	-
	637,400	730,733	5,096	1,940

5. OTHER INCOME

	Group 2011 RM'000	Group 2010 RM'000 (restated)	Company 2011 RM'000	Company 2010 RM'000
Dividend income				
- Foreign unquoted shares	2,137	4,605	-	-
- Foreign quoted shares	135	1	-	-
- Quoted shares in Malaysia	2	320	-	-
Gain on dilution of interest in an associate	-	29,784	-	-
Gain on disposal of associates	299	-	1,054	-
Bargain purchase on acquisition of subsidiaries	-	559	-	-
Interest income				
- Deposits with licensed banks	5,892	8,570	2,343	2,918
- Subsidiaries	-	-	12,753	11,146
- Others	2,314	1,382	-	-
Gain on foreign exchange				
- Realised	8,107	3,310	-	1,055
- Unrealised	5	28,173	12,738	-
Management fees	-	-	2,558	2,379
Gain on disposal of property, plant and equipment	56,057	-	-	34
Gain on disposal of assets held for sale	242,496	-	-	-
Rental income from land and buildings	29,225	29,055	-	-

5. OTHER INCOME (CONTD.)

	Group 2011 RM'000	Group 2010 RM'000 (restated)	Company 2011 RM'000	Company 2010 RM'000
Write back of inventories	8,253	7,289	-	-
Reversal of impairment loss on freehold land	-	12,448	-	-
Insurance recoveries	75,811	-	-	-
Reversal of impairment loss on				
- Trade and other receivables	855	845	-	-
- Amounts due from subsidiaries	-	-	17,515	-
Reversal of impairment loss on investment in subsidiaries	-	-	2,323	-
Gain on disposal of investment properties	292	-	-	-
Miscellaneous income	5,445	4,767	481	139
	437,325	131,108	51,765	17,671

Insurance recoveries are in respect of recoveries on damages on a resort operated by a subsidiary as disclosed in Note 11(v).

6. FINANCE COSTS

	Group 2011 RM'000	Group 2010 RM'000 (restated)	Company 2011 RM'000	Company 2010 RM'000
Interest expense on:				
- Overdrafts	275	252	2	38
- Islamic debt securities	-	714	-	714
- Revolving loans and term loans	68,584	67,981	99	1,971
- Bonds	26,935	16,169	-	-
- Others	1,574	4,492	-	-
	97,368	89,608	101	2,723
Less: Interest expense capitalised in properties under development (Note 19)	(2,269)	(2,183)	-	-
Total finance costs	95,099	87,425	101	2,723

7. PROFIT/(LOSS) BEFORE TAX

(a) The following items have been included in arriving at profit/(loss) before tax from continuing operations:

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Auditors' remuneration				
- Statutory audits	1,440	1,327	105	93
- Other services	83	228	42	51
Employee benefits expense (Note b)	226,936	232,809	5,927	5,310
Property, plant and equipment				
- Depreciation	58,612	57,822	462	396
- Impairment loss	58,930	-	-	-
- Written off	20	4	-	4
Loss on disposal of property, plant and equipment	-	1,103	-	-
Amortisation of prepaid land lease payments	108	116	-	-
Impairment of goodwill	2,997	-	-	-
Inventories written down	146	3,238	-	-
Impairment loss on financial assets				
- Trade and other receivables	29,158	40,208	-	-
- Amounts due from subsidiaries	-	-	10,225	101,931
- Amounts due from associates	-	4,395	-	-
Bad debts written off				
- Trade and other receivables	10,742	-	-	-
- Amounts due from subsidiaries	-	-	1,762	-
- Amount due from an associate	5,041	-	-	-
Bad debts recovered	(16)	-	-	-
Write back of liquidated ascertained damages	(270)	(1,989)	-	-
Impairment loss on investment in				
- Subsidiaries	-	-	-	24,945
- Associates	5,275	7,200	-	-
Loss on disposal of subsidiaries	-	197	-	-
Fair value loss/(gain) on financial assets at fair value through profit or loss	456	(726)	-	-
Loss on disposal of financial assets				
- Fair value through profit or loss	559	122	-	-
- Available-for-sale	-	21	-	-
Loss on foreign exchange				
- Realised	3,348	11,601	-	-
- Unrealised	-	-	-	15,743
Provision for staff benefits	16,716	13,849	-	-
Minimum operating lease payments				
- Land and buildings	15,857	17,271	429	433
- Plant and equipment	4,419	3,325	-	-

7. PROFIT/(LOSS) BEFORE TAX (CONTD.)

(b) Employee benefits expense

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000 (restated)	RM'000	RM'000
Wages and salaries	174,404	182,677	5,111	4,481
Termination benefits	18	15	-	-
Social security costs	173	158	17	18
Short-term accumulating compensated absences	14,639	13,924	-	-
Pension costs - defined contribution plans	17,690	17,752	531	529
Other staff-related expenses	20,012	18,283	268	282
	226,936	232,809	5,927	5,310

Included in employee benefits expense of the Group and of the Company are Directors' remuneration which are analysed as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000 (restated)	RM'000	RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	1,944	1,734	1,944	1,734
Fees	6	6	-	-
Pension costs - defined contribution plan	214	206	214	206
Estimated money value of benefits-in-kind	97	75	97	75
	2,261	2,021	2,255	2,015
Non-Executive:				
Fees	275	228	272	225
Total	2,536	2,249	2,527	2,240
Directors of subsidiaries:				
Executive:				
Salaries and other emoluments	2,022	1,738	-	-
Fees	27	27	-	-
Pension costs - defined contribution plan	99	89	-	-
Estimated money value of benefits-in-kind	-	7	-	-
	2,148	1,861	-	-
Non-Executive:				
Fees	289	290	-	-
Total	2,437	2,151	-	-

7. PROFIT/(LOSS) BEFORE TAX (CONTD.)

(b) Employee benefits expense (contd.)

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Analysis excluding benefits-in-kind:				
Total Executive Directors' remuneration	4,312	3,800	2,158	1,940
Total Non-Executive Directors' remuneration	564	518	272	225
Total Directors' remuneration excluding benefits-in-kind	4,876	4,318	2,430	2,165

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

	Number of Directors	
	2011	2010
Executive Directors:		
RM300,001 - RM350,000	1	1
RM450,001 - RM500,000	-	1
RM750,001 - RM800,000	1	-
RM1,150,001 - RM1,200,000	1	1
Non-Executive Directors:		
RM50,000 and below	5	3
RM50,001 - RM100,000	1	1

8. INCOME TAX EXPENSE/(BENEFIT)

Major components of income tax expense/(benefit)

The major components of income tax expense/(benefit) for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Statement of comprehensive income				
Current income tax - continuing operations				
- Malaysian income tax	5,541	6,399	628	-
- Foreign tax	(514)	2,592	-	-
Under/(over)provision in prior years:				
- Malaysian income tax	458	(260)	472	-
- Foreign tax	-	2,269	-	-
	5,485	11,000	1,100	-
Deferred tax - continuing operations				
- Origination and reversal of temporary differences	(573)	(34,048)	-	-
- Underprovision in prior years	(1,802)	1,150	-	-
	(2,375)	(32,898)	-	-

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

Major components of income tax expense/(benefit) (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000 (restated)	RM'000	RM'000
Income tax expense/(benefit) attributable to continuing operations	3,110	(21,898)	1,100	-
Income tax (benefit)/expense attributable to discontinued operation (Note 9(a))	(2,977)	1,074	-	-
Income tax expense/(benefit) recognised in profit or loss	133	(20,824)	1,100	-

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group	
	2011	2010
	RM'000	RM'000 (restated)
Profit before tax from continuing operations	176,901	84,118
(Loss)/profit before tax from discontinued operation	(670)	7,571
Accounting profit before tax	176,231	91,689
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	44,058	22,922
Different tax rates in other countries	1,471	(6,411)
Adjustments:		
Non-deductible expenses	10,720	27,680
Income not subject to taxation	(25,913)	(23,449)
Benefits from previously unrecognised tax losses and unabsorbed capital allowances	(2,838)	(15,767)
Deferred tax assets not recognised during the year	519	492
(Over)/under provision of deferred tax in prior years	(1,802)	1,150
(Over)/under provision of income tax in prior years	(620)	2,009
Shares of results of associates and joint ventures	(25,462)	(29,450)
Income tax expense/(benefit) for the year	133	(20,824)

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

	Company	
	2011 RM'000	2010 RM'000
Profit/(loss) before tax	31,819	(152,226)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	7,955	(38,057)
Adjustments:		
Income not subject to taxation	(12,246)	(2,217)
Non-deductible expenses	4,906	40,274
Deferred tax assets not recognised	13	-
Under provision of income tax in prior years	472	-
Income tax expense for the year	1,100	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. The corporate tax rates applicable to subsidiaries located in Australia, Hong Kong and Singapore are 30% (2010: 30%), 16.5% (2010: 16.5%) and 17% (2010: 17%).

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

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

Tax savings during the financial year arising from:

	Group	
	2011 RM'000	2010 RM'000
Utilisation of brought forward tax losses	2,170	15,616
Utilisation of brought forward capital allowances	668	151

9. DISCONTINUED OPERATION AND DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(a) Discontinued operation during the year

Jumbo Hill Group Limited ("JHGL"), a wholly owned subsidiary of Mulpha International Bhd had on 14 February 2012 entered into a sale and purchase agreement with Eagle Legend International Holdings Limited to dispose of 150,000,000 shares of HK$0.01 each held by JHGL, representing 75% of the entire issued share capital of Manta Holdings Company Limited ("Manta") and its subsidiaries for a cash consideration of HKD285 million (approximately RM111.154 million). Manta is a public company incorporated in the Cayman Islands on 11 March 2010. Its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 19 July 2010. Manta is an investment holding company. The principal activities of Manta's subsidiaries are rental and trading of tower cranes, trading of construction equipment and provision of maintenance service for tower cranes in Hong Kong, Macau, Singapore and Vietnam.

9. DISCONTINUED OPERATION AND DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTD.)

(a) Discontinued operation during the year (contd.)

As at 31 December 2011, the assets and liabilities related to Manta Group have been presented in the statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", and its results are presented separately in the statement of comprehensive income as "Profit net of tax from discontinued operation".

The above proposed disposal was completed on 23 February 2012.

Statement of financial position disclosures

The major assets and liabilities of Manta classified as held for sale and the related reserves as at 31 December 2011 are as follows:

	Group RM'000
Assets:	
Property, plant and equipment	115,890
Inventories	14,339
Trade and other receivables	20,723
Other current assets	3,141
Investment securities	237
Cash and bank balances	11,705
Assets classified as held for sale	166,035

	Group RM'000
Liabilities:	
Trade and other payables	29,946
Loans and borrowings	56,998
Deferred tax liabilities	2,531
Liabilities directly associated with assets classified as held for sale	89,475
Net assets directly associated with disposal group	76,560
Reserves:	
Capital reserve	147
Revaluation reserve	580
Exchange reserve	7,436
Reserves of disposal group classified as held for sale	8,163

9. DISCONTINUED OPERATION AND DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTD.)

(a) Discontinued operation during the year (contd.)

Statement of comprehensive income disclosures

The results of Manta for the years ended 31 December are as follows:

	Group	
	2011 RM'000	2010 RM'000
Revenue	60,287	57,157
Other income	3,231	11,715
Changes in inventories of finished goods and work-in-progress	(2,268)	4,068
Finished goods purchased and raw materials used	(28,069)	(32,439)
Employee benefits expense	(10,104)	(8,341)
Depreciation	(13,019)	(10,581)
Other expenses	(7,983)	(12,373)
Operating profit	2,075	9,206
Finance costs	(2,745)	(1,635)
(Loss)/profit before tax	(670)	7,571
Income tax benefit/(expense)	2,977	(1,074)
Profit net of tax from discontinued operation	2,307	6,497

The following items have been included in arriving at (loss)/profit before tax from discontinued operation:

	Group	
	2011 RM'000	2010 RM'000
Auditors' remuneration	264	471
Employee benefits expense	10,104	8,341
Depreciation of property, plant and equipment	13,019	10,581
Reversal of impairment loss on receivables	(60)	(584)
Minimum operating lease payments		
- Land and buildings	505	402
Gain on disposal of property, plant and equipment	(222)	(9,890)
Rental of machinery	-	(80)
Net loss/(gain) on foreign exchange		
- Realised	471	(5)
- Unrealised	(1,055)	(493)

9. DISCONTINUED OPERATION AND DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTD.)

(a) Discontinued operation during the year (contd.)

The cash flows attributable to the discontinued operation are as follows:

	Group	
	2011 RM'000	2010 RM'000
Operating cash flows	8,252	6,318
Investing cash flows	(15,554)	4,392
Financing cash flows	(8,333)	(4,076)
Total cash flows	(15,635)	6,634
Earnings per share (sen per share)		
Basic, discontinued operation	0.10	0.31
Diluted, discontinued operation	0.10	0.31

(b) Non-current assets held for sale

(i) On 3 December 2010, Mulpha Land & Property Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into an agreement to dispose of a piece of freehold land located in Section 16, Petaling Jaya for a cash consideration of RM70 million. The disposal was completed on 21 March 2012.

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

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

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

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

	Group	
	2011 RM'000	2010 RM'000
Assets classified as held for sale:		
Property, plant and equipment	63,872	158,855
Inventories	-	293
Receivables	-	5,204
	63,872	164,352
Liabilities classified as held for sale:		
Trade and other payables	-	7,895
Deferred tax liabilities	-	3,834
	-	11,729
Net assets classified as non-current assets held for sale	63,872	152,623

10. EARNINGS PER SHARE

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

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

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2011 RM'000	2010 RM'000
Profit net of tax from continuing operations attributable to the owners of the parent	176,536	105,604
Profit net of tax from discontinued operation attributable to the owners of the parent	2,307	6,497
	178,843	112,101
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares at 1 January	2,355,913	1,177,957
Effect of share buy back	(21,006)	(2,036)
Effect of rights shares issued	-	933,052
Weighted average number of ordinary shares for basic earnings per share computation	2,334,907	2,108,973

There were no potential dilution effects on ordinary shares of the Company for the previous financial year as the warrants outstanding and exercisable for conversion to ordinary shares had expired on 26 July 2010.

Since the end of the current financial year, the Company has purchased 24,377,200 shares from the open market. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements other than the repurchase of treasury shares as mentioned above.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Plant and* equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group					
At 31 December 2011					
Cost or valuation					
At 1 January	196,535	1,066,405	548,488	52	1,811,480
Additions	1,290	54,335	142,921	3,847	202,393
Disposals	(44,029)	(466)	(19,848)	-	(64,343)
Written off	-	(20)	(49)	-	(69)
Transfers/reclassifications	44,029	-	(13,716)	-	30,313
Exchange adjustments	4,204	23,766	13,399	48	41,417
Attributable to discontinued operation	-	(24,379)	(167,255)	-	(191,634)
At 31 December	202,029	1,119,641	503,940	3,947	1,829,557
Representing:					
At cost	202,029	1,116,941	503,940	3,947	1,826,857
At valuation	-	2,700	-	-	2,700
	202,029	1,119,641	503,940	3,947	1,829,557
Accumulated depreciation and impairment losses					
At 1 January:					
Accumulated depreciation	-	138,788	281,034	-	419,822
Accumulated impairment losses	706	67,618	-	-	68,324
	706	206,406	281,034	-	488,146
Charge for the year	-	20,735	50,896	-	71,631
Disposals	-	(466)	(14,413)	-	(14,879)
Written off	-		(49)	-	(49)
Impairment loss	92	52,287	6,551	-	58,930
Transfers/reclassifications	-	-	(3,598)	-	(3,598)
Exchange adjustments	16	5,480	6,581	-	12,077
Attributable to discontinued operation	-	(5,997)	(69,747)	-	(75,744)
At 31 December	814	278,445	257,255	-	536,514
Analysed as:					
Accumulated depreciation	-	159,490	250,626	-	410,116
Accumulated impairment losses	814	118,955	6,629	-	126,398
	814	278,445	257,255	-	536,514
Net carrying amount					
At 31 December 2011	201,215	841,196	246,685	3,947	1,293,043

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Freehold land RM'000	Buildings RM'000	Plant and* equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group					
At 31 December 2010					
Cost or valuation					
At 1 January	240,694	1,151,766	513,678	206	1,906,344
Additions	15,143	7,206	70,082	-	92,431
Disposal of subsidiaries	-	-	-	(154)	(154)
Disposals	(705)	(2,989)	(13,552)	-	(17,246)
Written off	-	-	(443)	-	(443)
Transfer to assets held for sale	(62,706)	(113,831)	(17,338)	-	(193,875)
Transfers/reclassifications	(423)	412	(5,696)	-	(5,707)
Exchange adjustments	4,532	23,841	1,757	-	30,130
At 31 December	196,535	1,066,405	548,488	52	1,811,480
Representing:					
At cost	196,535	1,063,705	548,488	52	1,808,780
At valuation	-	2,700	-	-	2,700
	196,535	1,066,405	548,488	52	1,811,480
Accumulated depreciation and impairment losses					
At 1 January:					
Accumulated depreciation	-	141,622	249,760	-	391,382
Accumulated impairment losses	11,145	67,969	-	-	79,114
	11,145	209,591	249,760	-	470,496
Charge for the year	-	21,402	47,001	-	68,403
Disposals	(169)	(498)	(5,186)	-	(5,853)
Written off	-	-	(439)	-	(439)
Reversal of impairment	(12,448)	-	-	-	(12,448)
Transfer to assets held for sale	-	(25,029)	(9,991)	-	(35,020)
Transfers/reclassifications	2,160	(2,160)	(1,962)	-	(1,962)
Exchange adjustments	18	3,100	1,851	-	4,969
At 31 December	706	206,406	281,034	-	488,146
Analysed as:					
Accumulated depreciation	-	138,788	281,034	-	419,822
Accumulated impairment losses	706	67,618	-	-	68,324
	706	206,406	281,034	-	488,146
Net carrying amount					
At 31 December 2010	195,829	859,999	267,454	52	1,323,334

* Plant and equipment comprise plant, machinery, office equipment, furniture and fittings and motor vehicles.

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Office equipment, furniture and motor vehicles 2011 RM'000	2010 RM'000
Company		
Cost		
At 1 January	6,673	5,168
Additions	167	2,282
Disposals	-	(350)
Transfers to subsidiaries	-	(10)
Written off	(86)	(417)
At 31 December	6,754	6,673
Accumulated depreciation		
At 1 January	3,843	4,215
Charge for the year	462	396
Disposals	-	(346)
Transfers to subsidiaries	-	(9)
Written off	(86)	(413)
At 31 December	4,219	3,843
Net carrying amount		
At 31 December	2,535	2,830

(i) Net carrying amounts of assets pledged as security for borrowings as disclosed in Note 27 are as follows:

	Group 2011 RM'000	2010 RM'000
Land	176,287	179,792
Buildings	784,424	801,535
Plant, machinery, office equipment, furniture and motor vehicles	228,665	170,545
	1,189,376	1,151,872

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

	Buildings RM'000	Plant and machinery RM'000	Total RM'000
Group			
At 31 December 2011			
Cost	134,362	-	134,362
Accumulated depreciation	(7,809)	-	(7,809)
Net carrying amount	126,553	-	126,553
At 31 December 2010			
Cost	132,035	8,887	140,922
Accumulated depreciation	(4,687)	(4,490)	(9,177)
Net carrying amount	127,348	4,397	131,745

(iii) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM202,393,000 (2010: RM92,431,000) of which RM29,895,000 (2010: RM20,768,000) were acquired by means of hire purchase and finance lease arrangements with the balance paid in cash.

(iv) The carrying amount of plant, machinery, office equipment, furniture and motor vehicles held under hire purchase and finance leases as at the reporting date was RM19,469,000 (2010: RM52,276,000). In previous financial year, out of RM52,276,000, an amount of RM30,247,000 was attributable to the disposal group. These assets are pledged as securities for the related finance lease obligations.

(v) The Group recorded an impairment loss on property, plant and equipment of RM58,930,000 of which RM47,463,000 is in relation to assets damaged in cyclones. Recoveries on these damages are disclosed in Note 5.

(vi) The Group's capital work-in-progress relates mainly to expenditure for restoration costs incurred on hotel located in Queensland, Australia which is expected to be completed by 2012.

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

	Group 2011 RM'000	Group 2010 RM'000
Long-term leasehold building - at 1983 valuation	2,700	2,700

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

The net book value of this building had it been stated at cost less accumulated depreciation would have been approximately RM191,000 (2010: RM219,000) as at the reporting date.

12. INVESTMENT PROPERTIES

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	21,419	21,765
Additions from subsequent expenditure	22	64
Disposals	(225)	-
Net loss from fair value adjustment recognised in profit or loss	-	(410)
At 31 December	21,216	21,419
Income derived from investment properties	1,029	881
Direct operating expenses arising from investment properties		
- Rental generating properties	712	481
- Non-rental generating properties	139	345

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

Investment property with a carrying amount of RM18,471,000 (2010: RM18,950,000) is pledged as a security for borrowings as disclosed in Note 27.

13. PREPAID LAND LEASE PAYMENTS

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	4,004	8,198
Amortisation for the year	(108)	(116)
Disposal of subsidiaries	-	(3,984)
Exchange differences	19	(94)
At 31 December	3,915	4,004

Leasehold land with an aggregate carrying amounts of RM3,118,000 (2010: RM3,182,000) are pledged as security for borrowings as disclosed in Note 27.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2011	2010
	RM'000	RM'000
At cost:		
Quoted shares in Malaysia	60,134	60,134
Unquoted shares in Malaysia	238,754	238,754
Foreign unquoted shares	247,827	247,827
	546,715	546,715
Less: Accumulated impairment losses	(171,071)	(173,394)
	375,644	373,321
Market value of quoted shares in Malaysia	26,411	31,886

14. INVESTMENT IN SUBSIDIARIES (CONTD.)

The Company carried out an annual review of the recoverable amount of its investments based on the recoverable value of its investments which is determined at the cash-generating unit ("CGU") level. The results of the review require a reversal of impairment losses of RM2,323,000 (2010: additional impairment losses of RM24,945,000).

Movement in the accumulated impairment losses are as follows:

	Company	
	2011	2010
	RM'000	RM'000
At 1 January	173,394	149,918
Charge for the year	-	24,945
Reversal of impairment	(2,323)	-
Written off	-	(1,469)
At 31 December	171,071	173,394

Details of the subsidiaries are set out in Note 41.

15. INVESTMENT IN ASSOCIATES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(a) Interest in associates:				
At cost:				
Quoted shares in Malaysia	44,208	41,004	-	-
Unquoted shares in Malaysia	55	888	-	50
Foreign quoted shares	860,905	877,333	*	21,963
Foreign unquoted shares	23,163	1,200	21,963	-
Exchange difference	219,643	197,487	-	-
	1,147,974	1,117,912	21,963	22,013
Share of post-acquisition reserves	54,190	14,188	-	-
	1,202,164	1,132,100	21,963	22,013
Less: Accumulated impairment losses	(12,530)	(7,255)	-	-
	1,189,634	1,124,845	21,963	22,013
At market value:				
Quoted shares				
- In Malaysia	263,429	380,608	-	-
- Foreign	479,415	801,127	-	*
	742,844	1,181,735	-	-

15. INVESTMENT IN ASSOCIATES (CONTD.)

Movement in the accumulated impairment account is as follows:

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	7,255	55
Charge for the year	5,275	7,200
At 31 December	12,530	7,255

The quoted shares of a foreign associate with a carrying amount of RM409,695,000 (2010: RM19,725,000) are pledged as security for other borrowings as disclosed in Note 27.

* The Singapore Exchange Securities Trading Limited has issued a notice of delisting to a quoted foreign associate, namely Rotol Singapore Ltd. ("Rotol") on 2 June 2010 and the trading of the said associate was suspended from 1 July 2010. Rotol has been delisted with effect from 17 August 2011.

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

	Group	
	2011	2010
	RM'000	RM'000
Assets and liabilities		
Current assets	1,912,730	3,340,053
Non-current assets	12,905,495	10,587,654
Total assets	14,818,225	13,927,707
Current liabilities	6,359,032	5,070,013
Non-current liabilities	2,512,378	3,256,703
Total liabilities	8,871,410	8,326,716
Results		
Revenue	2,191,492	2,150,248
Profit for the year	388,473	420,381

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

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

15. INVESTMENT IN ASSOCIATES (CONTD.)

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

Details of the associates are as follows:

	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	2010
Held by Mulpha International Bhd				
Mulpha Engineering & Construction Sdn. Bhd. [2] [3]	Malaysia	Contracting	-	20.00
Rotol Singapore Ltd [2]	Singapore	Architectural surface coating and design and fabrication of aluminium curtain wall claddings	38.00	38.00
Held through Mulpha Capital Partners Sdn. Bhd.				
Sama Wira Mulpha Industries Sdn. Bhd. [2] [3]	Malaysia	Manufacture and sale of wire mesh	-	30.00
Held through Mulpha Infrastructure Holdings Sdn. Bhd.				
Mudajaya Group Berhad	Malaysia	Building contractor and civil engineering	22.05	21.84
Held through Mulpha Australia Limited				
Real Estate Capital Partner Pty. Limited [2]	Australia	Investment	50.00	50.00
FKP Property Group ("FKP") [1]	Australia	Ownership and management of retirement villages and property development	5.01	4.90

15. INVESTMENT IN ASSOCIATES (CONTD.)

Details of the associates are as follows: (contd.)

	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	2010
Held through Rosetec Investments Limited				
FKP [1]	Australia	Ownership and management of retirement villages and property development	19.29	20.43
Held through Mulpha Strategic Limited				
FKP [1]	Australia	Ownership and management of retirement villages and property development	1.59	-

[1] Associates audited by a member of Ernst & Young Global
[2] Associates not audited by Ernst & Young
[3] Associates disposed off during the financial year

16. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES

	Group 2011 RM'000	Group 2010 RM'000
Unquoted shares at cost	128,720	125,723
Add: Share of post-acquisition profit	34,698	26,529
Exchange differences	32,035	27,723
	195,453	179,975

16. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES (CONTD.)

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	Proportion (%) of ownership interest 2010
	Held through Mulpha Investments Pty. Limited:				
@	Mulpha FKP Pty. Limited	Australia	Property development	50.1	50.1
	Held through Mulpha Sanctuary Cove (Management) Pty. Limited				
@	SC Realty Pty. Limited	Australia	Property development	50.0	-

@ Associates not audited by Ernst & Young

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

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

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	110,258	12,606
Non-current assets	241,477	279,674
Current liabilities	(154,971)	(13,851)
Non-current liabilities	(1,311)	(98,454)
Net assets	195,453	179,975
Results		
Revenue	80,276	103,814
Expenses	(56,103)	(78,996)

17. INVESTMENT SECURITIES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current				
Financial assets at fair value through profit or loss				
Quoted shares				
- In Malaysia	535	526	-	-
- Foreign	2,402	3,920	-	-
Unquoted investment funds	7,696	4,790	-	-
	10,633	9,236	-	-
Non-current				
Available-for-sale financial assets				
Foreign quoted shares	209	292	-	-
Foreign quoted bonds	27,901	-	-	-
Unquoted shares				
- In Malaysia	784	677	784	677
- Foreign	967	1,226	43	43
	29,861	2,195	827	720
Other investments, at cost	1,160	1,160	1,160	1,160
	31,021	3,355	1,987	1,880

The current investment securities with a carrying value of RM10,633,000 (2010: RM9,236,000) are pledged to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 27.

Foreign quoted bonds refer to bonds issued by a listed foreign associate company, which the intention of the Group is not to hold them to maturity or converting them to equity.

18. GOODWILL

	Purchased goodwill RM'000	Goodwill on consolidation RM'000	Total RM'000
Group			
At 1 January 2010	5,994	8,921	14,915
Exchange differences	156	-	156
At 31 December 2010/1 January 2011	6,150	8,921	15,071
Disposal	(2,997)	-	(2,997)
Impairment loss during the year	(2,997)	-	(2,997)
Exchange differences	60	-	60
At 31 December 2011	216	8,921	9,137

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

18. GOODWILL (CONTD.)

Impairment tests for goodwill

Allocation of goodwill

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

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 December 2011			
Realty business	-	216	216
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	216	9,137
At 31 December 2010			
Boat show	-	213	213
Realty business	-	5,938	5,938
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	6,150	15,071

Key assumptions used

The recoverable amount of a CGU is determined based on the higher of fair value and value in use. The value in use is calculated using the discounted net cash projections based on financial budgets approved by management. The discount rates ranging from 10% to 12% are based on management's estimate of the time value of money and risk profile of the investment.

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

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

19. INVENTORIES

	Group		
	2011 RM'000	2010 RM'000 (restated)	1.1.2010 RM'000 (restated)
Non-current assets			
Cost			
Properties held for development			
- Cost of acquisition of freehold land	379,735	422,846	461,453
- Capitalised development costs	282,227	271,631	269,516
	661,962	694,477	730,969
Current assets			
Net realisable value			
Completed properties	2,744	7,960	6,779
Finished goods	-	23,829	23,874
Other consumables	-	3,457	2,787
	2,744	35,246	33,440
Cost			
Properties under development			
- Cost of acquisition of freehold land	192,598	154,038	135,267
- Capitalised development costs	169,531	144,474	108,568
	362,129	298,512	243,835
Completed properties	15,375	17,865	27,031
Finished goods	11,714	-	-
Work-in-progress	4,257	4,373	2,741
Raw materials	38	28	7,032
Other consumables	3,179	-	4,390
	34,563	22,266	41,194
Total current assets	399,436	356,024	318,469
Total inventories	1,061,398	1,050,501	1,049,438

Interest expense which is included in properties under development incurred during the financial year are RM2,269,000 (2010: RM2,183,000).

Certain properties held for development and properties under development amounting to RM514,827,000 (2010: RM598,033,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 27.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	97,748	138,044	-	-
Less: Allowance for impairment	(29,064)	(9,827)	-	-
	68,684	128,217	-	-
Other receivables				
Other receivables	150,139	91,963	145	228
Less: Allowance for impairment	(6,791)	(40,985)	-	-
	143,348	50,978	145	228
Deposits	1,711	11,136	122	113
Amounts due from subsidiaries	-	-	1,300,605	1,319,508
Amounts due from associates	-	9,179	-	389
	-	9,179	1,300,605	1,319,897
Less: Allowance for impairment	-	(4,395)	(173,991)	(218,294)
	-	4,784	1,126,614	1,101,603
	213,743	195,115	1,126,881	1,101,944
Non-current				
Trade receivables				
Amount due from jointly-controlled entities	7,228	7,071	-	-
Total trade and other receivables	220,971	202,186	1,126,881	1,101,944
Total trade and other receivables	220,971	202,186	1,126,881	1,101,944
Add: Cash and bank balances (Note 23)	298,012	373,434	100,013	99,754
Total loans and receivables	518,983	575,620	1,226,894	1,201,698

(a) Trade receivables

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

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group 2011 RM'000	Group 2010 RM'000
Neither past due nor impaired	46,043	109,853
1 - 30 days past due but not impaired	7,306	10,149
31 - 60 days past due but not impaired	6,212	2,462
More than 60 days past due but not impaired	9,123	5,753
	22,641	18,364
Impaired	29,064	9,827
	97,748	138,044

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM22,641,000 (2010: RM18,364,000) that are past due at the reporting date but not impaired. These relate to a number of customers that had a reasonably good track record of repayment with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in their credit quality.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired 2011 RM'000	Group Individually impaired 2010 RM'000
Trade receivables - nominal amounts	29,064	9,827
Less: Allowance for impairment	(29,064)	(9,827)
	-	-

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

	Group Individually impaired	
	2011 RM'000	2010 RM'000
Movement in allowance accounts:		
Trade receivables		
At 1 January	9,827	8,744
Charge for the year	20,947	2,882
Written off	(915)	(383)
Reversal of impairment loss	(915)	(1,429)
Exchange adjustments	332	13
Attributable to discontinued operation	(212)	-
At 31 December	29,064	9,827

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

(b) Other receivables

These receivables are non-interest bearing, unsecured and repayable on demand.

Movement in allowance accounts:

	Group Individually impaired	
	2011 RM'000	2010 RM'000
Other receivables		
At 1 January	40,985	1,530
Charge for the year	8,211	37,326
Written off	(42,781)	-
Exchange adjustments	376	2,129
At 31 December	6,791	40,985

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

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(c) Amounts due from subsidiaries

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

	Company	
	2011 RM'000	2010 RM'000
Bearing interest ranging from 2.8% to 7% (2010: 4.5% to 7%)	250,414	245,938
Non-interest bearing	1,050,191	1,073,570
	1,300,605	1,319,508

Movement in allowance accounts:

	Company Individually impaired	
	2011 RM'000	2010 RM'000
Amounts due from subsidiaries		
At 1 January	218,294	116,363
Charge for the year	10,225	101,931
Written off	(37,013)	-
Reversal of impairment	(17,515)	-
At 31 December	173,991	218,294

(d) Amounts due from associates

Amounts due from associates are unsecured, non-interest bearing and repayable on demand except for an amount of RM8.79 million which bore an interest rate of 6.93% per annum in previous year.

Movement in allowance accounts:

	Group Individually impaired	
	2011 RM'000	2010 RM'000
Amounts due from associates		
At 1 January	4,395	-
Charge for the year	-	4,395
Written off	(4,493)	-
Exchange adjustments	98	-
At 31 December	-	4,395

(e) Amount due from jointly-controlled entities

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

21. OTHER NON-CURRENT ASSETS

	Group	
	2011	2010
	RM'000	RM'000
Prepayments	179	5,141

22. OTHER CURRENT ASSETS

	Group			Company	
	2011	2010	1.1.2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
		(restated)	(restated)		
Prepayments	19,209	38,646	23,965	265	110

23. CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	48,401	68,672	94	60
Deposits with licensed banks	249,611	304,762	99,919	99,694
	298,012	373,434	100,013	99,754

Deposits amounting to RM135,822,000 (2010: RM162,334,000) of the Group and RMnil (2010: RM8,445,000) of the Company are pledged to licensed banks as security for banking facilities granted to certain subsidiaries and the Company as disclosed in Note 27.

Included in the cash and bank balances of the Group is an amount of RM3,660,000 (2010: RM922,000) maintained under the Housing Developers Accounts pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

The weighted average effective interest rates as at 31 December 2011 for the Group and the Company were 1.3% (2010: 3.2%) and 2.9% (2010: 2.8%) respectively.

The average maturities of fixed deposits for both the Group and the Company as at reporting date were 30 days (2010: 30 days).

23. CASH AND BANK BALANCES (CONTD.)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and short-term deposits	298,012	373,434	100,013	99,754
Bank overdrafts (Note 27)	(2,182)	(3,049)	-	(150)
Cash and bank balances of discontinued operation	11,705	-	-	-
Cash and cash equivalents	307,535	370,385	100,013	99,604

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade payables				
- Third parties	40,931	59,234	-	133
Other payables	117,336	123,975	2,692	1,732
Amounts due to related parties				
- Non-controlling interests of a subsidiary	9,269	8,853	-	-
- Jointly-controlled entities	-	945	-	-
- Subsidiaries	-	-	60,988	53,066
	167,536	193,007	63,680	54,931
Non-current				
Sundry payables	5,855	5,727	-	-
Total trade and other payables	173,391	198,734	63,680	54,931
Add: Loan and borrowings (Note 27)	1,110,430	1,281,942	-	150
Total financial liabilities carried at amortised cost	1,283,821	1,480,676	63,680	55,081

(a) Trade payables

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

(b) Amounts due to related parties

(i) Amounts due to non-controlling interests of a subsidiary bears interest at 6.5% (2010: 6.5%) per annum during the year.

24. TRADE AND OTHER PAYABLES (CONTD.)

(b) Amounts due to related parties (contd.)

(ii) Amounts due to jointly-controlled entities in previous financial year bore interest at 7.5% per annum. These amounts are unsecured and repayable on demand.

(iii) Amounts due to subsidiaries are non-interest bearing, unsecured and repayable on demand.

(c) Sundry payables

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

25. OTHER CURRENT LIABILITIES

	Group		
	2011 RM'000	2010 RM'000 (restated)	1.1.2010 RM'000
Deferred revenue - advance billings on property sales	7,821	6,407	547

26. PROVISION FOR LIABILITIES

	Group	
	2011 RM'000	2010 RM'000
Provision for staff benefits		
At 1 January	14,603	14,314
Provision for the year	16,716	13,849
Payments during the year	(15,169)	(14,724)
Exchange adjustments	344	1,164
At 31 December	16,494	14,603
Analysed as:		
Current	12,639	11,078
Non-current	3,855	3,525
	16,494	14,603

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

27. LOANS AND BORROWINGS

	Maturity	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current					
Secured:					
Obligations under finance lease and hire purchase	2012	12,264	11,534	-	-
Bank overdrafts	On demand	2,182	2,899	-	-
Bonds	2012	154,596	2,886	-	-
Revolving credit	2012	1,100	-	-	-
Term loans	2012	718,604	184,772	-	-
		888,746	202,091	-	-
Unsecured:					
Bank overdrafts	On demand	-	150	-	150
		888,746	202,241	-	150
Non-current					
Secured:					
Obligations under finance lease and hire purchase	2013 - 2016	4,579	29,575	-	-
Bonds	2013 - 2029	116,618	266,727	-	-
Term loans	2013 - 2016	100,487	783,399	-	-
		221,684	1,079,701	-	-
Total loans and borrowings		1,110,430	1,281,942	-	150
Total loans and borrowings					
Obligations under finance lease and hire purchase		16,843	41,109	-	-
Bank overdrafts (Note 23)		2,182	3,049	-	150
Bonds		271,214	269,613	-	-
Revolving credit		1,100	-	-	-
Term loans		819,091	968,171	-	-
		1,110,430	1,281,942	-	150

27. LOANS AND BORROWINGS (CONTD.)

(a) Obligations under finance lease and hire purchase

These obligations are secured by the leased assets as disclosed in Note 11. The finance lease and hire purchase payables bore interest rates at between 7.50% and 8.90% (2010: 4.38% and 8.90%) per annum during the financial year.

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

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

(ii) Pledge of land and buildings of certain subsidiaries, as disclosed in Note 11 and Note 13;

(iii) Pledge of machinery of certain subsidiaries as disclosed in Note 11;

(iv) Pledge of an investment property as disclosed in Note 12;

(v) Pledge of properties held for sale and properties under development of certain subsidiaries as disclosed in Note 19;

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

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

(viii) Pledge over current investment securities.

(c) Bonds

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

(ii) A subsidiary in Australia issued bonds that have an effective interest rate of 8.10% (2010: 8.80%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold property of a subsidiary as disclosed in Note 11(i).

(d) Information of the weighted average effective interest rates and maturities of loans and borrowings are disclosed in Note 36.

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary shares of RM0.50 each		<----Amount---->			
	Share capital (issued and fully paid) '000	Treasury shares '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
Group and Company						
At 1 January 2010	1,177,957	-	588,978	699,091	1,288,069	-
Rights issue of ordinary shares	1,177,956	-	588,979	(119,228)	469,751	-
Purchase of treasury shares	-	(11,056)	-	-	-	(5,442)
At 31 December 2010 and 1 January 2011	2,355,913	(11,056)	1,177,957	579,863	1,757,820	(5,442)
Purchase of treasury shares	-	(33,333)	-	-	-	(13,910)
At 31 December 2011	2,355,913	(44,389)	1,177,957	579,863	1,757,820	(19,352)

Authorised share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
At 1 January/ 31 December	4,000,000	4,000,000	2,000,000	2,000,000

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

(b) Issue of shares

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

(c) Treasury shares

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

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

(c) Treasury shares (contd.)

As at 31 December 2011, the details of the Company's share purchase, resale transactions and share cancellation were as follows:

Year		Number of shares purchased/(resold)	Total consideration RM'000	Average price RM
2005	Purchased	33,956,100	19,919	0.587
2006	Purchased	38,711,900	31,356	0.810
2007	Purchased	39,632,600	59,818	1.509
2007	Resold	(75,733,000)	(56,452)	
2008	Purchased	40,415,400	43,358	1.073
2009	Purchased	32,000	14	0.450
		77,015,000	98,013	
2009	Cancelled	(77,015,000)		
		-		
2010	Purchased	11,055,700	5.442	0.490
2011	Purchased	33,333,500	13,910	0.417
		44,389,200	19,352	

During the financial year, the Company purchased 33,333,500 shares from the open market as follows:

Month	Number of shares purchased	Total consideration RM'000	Highest price RM	Lowest price RM	Average price RM
January	823,900	495	0.640	0.565	0.601
February	900,000	491	0.585	0.495	0.546
March	3,003,300	1,479	0.505	0.470	0.492
June	1,280,000	626	0.495	0.480	0.489
July	1,241,500	598	0.490	0.470	0.482
August	4,964,800	2,155	0.480	0.395	0.434
September	10,256,600	3,989	0.415	0.345	0.389
October	3,187,600	1,132	0.365	0.350	0.355
November	3,425,000	1,335	0.400	0.375	0.390
December	4,250,800	1,610	0.385	0.370	0.379
	33,333,500	13,910			

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

Of the total 2,355,913,158 (2010: 2,355,913,158) issued and fully paid ordinary shares as at 31 December 2011, 44,389,200 (2010: 11,055,700) are held as treasury shares.

Subsequent to the financial year and up to the date of this report, the Company repurchased 24,377,200 of its issued and paid up ordinary shares from the open market at an average price of RM0.435 per share. The total consideration paid for repurchase including transaction costs was RM10,607,739. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

29. RESERVES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Non-distributable				
Revaluation reserve	6,142	6,799	-	-
Exchange reserve	345,035	330,237	-	-
Capital reserve	110,081	110,205	108,228	108,228
Other reserve	(9,086)	(6,118)	107	-
	452,172	441,123	108,335	108,228

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

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

(a) Revaluation reserve

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

(b) Exchange reserve

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

(c) Capital reserve

This reserve includes:

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

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

(d) Other reserve

Other reserve comprises mainly share of post acquisition reserve of associates and available-for-sale reserve.

30. DEFERRED TAX LIABILITIES

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

Group
Deferred tax liabilities

	Accelerated capital allowances RM'000	Revaluation of land RM'000	Fair value adjustment RM'000	Receivables and others RM'000	Total RM'000
At 1 January 2011	28,624	5.546	30,821	150,219	215,210
Recognised in profit or loss	3,182	(19)	(53)	(25,686)	(22,576)
Transfer to assets held for sale	(2,165)	-	156	(1,696)	(3,705)
Exchange adjustments	636	-	-	(4,602)	(3,966)
At 31 December 2011	30,277	5,527	30,924	118,235	184,963
At 1 January 2010	26,646	3,345	30,947	134,121	195,059
Recognised in profit or loss	5,087	6	(126)	12,091	17,058
Recognised in equity	-	2,177	-	-	2,177
Disposal of subsidiaries	(3,834)	-	-	-	(3,834)
Exchange adjustments	725	18	-	4,007	4,750
At 31 December 2010	28,624	5,546	30,821	150,219	215,210

Deferred tax assets

	Provision for liabilities and other payables RM'000	Unabsorbed capital allowances RM'000	Tax losses RM'000	Total RM'000
At 1 January 2011	(57,487)	(40)	(79,949)	(137,476)
Recognised in profit or loss	(21,387)	-	39,218	17,831
Recognised in equity	1,303	-	-	1,303
Transfer to assets held for sale	-	-	1,174	1,174
Exchange adjustments	7,389	-	(1,198)	6,191
At 31 December 2011	(70,182)	(40)	(40,755)	(110,977)
At 1 January 2010	(58,034)	-	(27,235)	(85,269)
Recognised in profit or loss	4,660	(40)	(53,502)	(48,882)
Exchange adjustments	(4,113)	-	788	(3,325)
At 31 December 2010	(57,487)	(40)	(79,949)	(137,476)

30. DEFERRED TAX LIABILITIES (CONTD.)

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

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	77,734	109,790
Recognised in profit or loss	(4,745)	(31,824)
Recognised in equity	1,303	2,177
Attributable to discontinued operation	(2,531)	(3,834)
Exchange adjustments	2,225	1,425
At 31 December	73,986	77,734

Presented after appropriate offsetting as follows:

	Group	
	2011	2010
	RM'000	RM'000
Deferred tax liabilities	184,963	215,210
Deferred tax assets	(110,977)	(137,476)
	73,986	77,734

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

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	144,288	153,599	335	335
Unabsorbed capital allowances	4,045	6,306	3,353	3,302
Other deductible temporary differences	35,150	32,854	-	-
	183,483	192,759	3,688	3,637

Deferred tax assets have not been recognised as there is uncertainty regarding the probable realisation of future taxable profits.

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysia Income Tax Authority ("MITA") which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowance where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses/capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses/capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

31. FINANCIAL GUARANTEE CONTRACTS

The Company has provided corporate guarantees to banks of RM201,120,000 (2010: RM167,723,000) for credit facilities granted to subsidiaries.

In addition, guarantees given to third parties and share of guarantees and letters of credit to third-parties entered into by a jointly-controlled entity by the Group amounting to RM14,706,000 (2010: RM13,889,000) and RM11,753,000 (2010: RM12,357,000) respectively.

As at reporting date, no values are ascribed on corporate guarantees provided by the Group and the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and bank facilities are fully collateralised by charges over the property, plant and equipment of the subsidiaries and where the Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

32. COMMITMENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(i) Capital expenditure				
Authorised and contracted for	4,628	19,617	347	-
(ii) Properties held for sale				
Authorised and contracted for	-	28,769	-	-
(iii) Non-cancellable operating lease commitments - Group as lessee				
Future minimum rentals payable:				
- Not later than 1 year	6,498	6,311	-	-
- Later than 1 year but not later than 5 years	13,615	13,566	-	-
- Later than 5 years	76,538	66,953	-	-
	96,651	86,830	-	-
(iv) Non-cancellable operating lease commitments - Group as lessor				
Future minimum rentals receivable:				
- Not later than 1 year	30,522	20,235	-	-
- Later than 1 year but not later than 5 years	50,471	48,283	-	-
- Later than 5 years	53,768	65,307	-	-
	134,761	133,825	-	-

32. COMMITMENTS (CONTD.)

(v) Other commitment

Bestari Sepang Sdn. Bhd. (formerly known as Mulpha Sepang Land Sdn. Bhd.) ("BSSB") holds a 65% interest in Seri Ehsan (Sepang) Sdn. Bhd. ("MPPNS") via Spanstead Sdn. Bhd. while the other 35% is held by Pertubuhan Peladang Negeri Selangor ("PPNS"). An agreement entered into between Sunrise Holdings Sdn. Bhd. and PPNS on 15 June 1994 was novated to BSSB on 8 August 1997. The agreement provides for BSSB to pay PPNS up to RM120 million less amount received and to be received by PPNS, if the development of Bandar Seri Ehsan ("BSE") is not completed by November 2019, or having been completed earlier than November 2019, the amount received by PPNS is less than the amount stipulated in the agreement and PPNS will transfer its 35% shareholding in MPPNS to BSSB. The agreement also provides for BSSB to pay PPNS a sum of RM35 million less amount received and to be received by PPNS, at a date not earlier than November 2014. The development of BSE commenced in November 1999 and as at 31 December 2011, an amount of RM22.5 million had been paid to PPNS pursuant to the agreement.

33. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Subsidiaries:				
- Management fee	-	-	2,558	2,379
- Interest income	-	-	12,753	11,146
- Dividend income	-	-	1,749	-
Jointly-controlled entities:				
- Dividend income	15,650	41,835	-	-
- Interest expense	-	3,889	-	-
- Sale of land	-	26,820	-	-
Associates:				
- Rental income	3,032	389	-	-
- Dividend income	40,434	14,847	3,347	-
- Interest income	-	288	-	-
Non-controlling interests of a subsidiary:				
- Interest expense	490	481	-	-
A firm related to a director:				
- Legal fees	63	-	63	-

33. RELATED PARTY TRANSACTIONS (CONTD.)

(a) Sale and purchase of goods and services (contd.)

Related companies

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

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

(b) Compensation of key management personnel

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Continuing operations				
Short-term employee salaries and benefits	21,324	19,076	2,493	2,248
Defined contribution plan	1,970	1,800	269	267
Termination benefits	54	60	-	-
	23,348	20,936	2,762	2,515
Discontinued operation				
Short-term employee salaries and benefits	2,344	2,075	-	-
Defined contribution plan	120	108	-	-
	2,464	2,183	-	-

Remunerations of Executive Directors included in the key management personnel are disclosed in Notes 7(b) and 9(a).

34. 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
Investment securities	17
Trade and other receivables	20
Cash and bank balances	23
Trade and other payables	24
Loans and borrowings	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from subsidiaries, finance lease obligations, fixed rate bank loans and bonds

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

35. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs that are observable market data, either directly or indirectly
Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2011				
Group				
Financial assets at fair value through profit or loss				
Quoted shares				
- In Malaysia	535	-	-	535
- Foreign	2,402	-	-	2,402
Unquoted investment funds	-	7,696	-	7,696
Available-for-sale financial assets				
Foreign quoted shares	209	-	-	209
Foreign quoted bonds	27,901	-	-	27,901
Unquoted shares				
- In Malaysia	-	-	784	784
- Foreign	-	-	967	967

	Level 3 RM'000
31 December 2011	
Company	
Available-for-sale financial assets	
Unquoted shares	
- In Malaysia	784
- Foreign	43

No transfers between any levels of the fair value hierarchy took place during the current financial year. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

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

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

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the financial instruments that are exposed to interest rate risk:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Bank overdrafts	8.4	8.2	-	7.9
Bonds	9.2	8.8	-	-
Revolving credit	4.7	-	-	-
Term loans	7.4	5.9	-	-
Finance lease and hire purchase payables	7.5	6.9	-	-

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM4.12 million (2010: RM5.14 million) 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.

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

(b) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM, Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Hong Kong Dollar ("HKD"), Euro and Vietnamese Dong. The foreign currency in which these transactions are denominated is mainly US Dollar ("USD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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

Functional currency of Group companies	Hong Kong Dollar RM'000	Pound Sterling RM'000	Euro RM'000	Australian Dollar RM'000	US Dollar RM'000	Vietnamese Dong RM'000	Total RM'000
At 31 December 2011							
Trade receivables							
Hong Kong Dollar	-	-	-	-	-	429	429
Singapore Dollar	-	-	-	-	47	-	47
	-	-	-	-	47	429	476
Trade payables							
Hong Kong Dollar	-	-	113	-	43	-	156
Singapore Dollar	-	-	1,448	-	6,606	-	8,054
	-	-	1,561	-	6,649	-	8,210
Other payables							
Hong Kong Dollar	-	-	-	-	980	130	1,110
Singapore Dollar	6,146	-	-	-	663	-	6,809
	6,146	-	-	-	1,643	130	7,919
Bank borrowings							
Hong Kong Dollar	-	-	-	-	6,340	-	6,340
Ringgit Malaysia	-	-	-	86,229	-	-	86,229
	-	-	-	86,229	6,340	-	92,569
Short-term deposits							
Hong Kong Dollar	-	-	-	-	4,910	144	5,054
Ringgit Malaysia	10,143	96	-	-	124,394	-	134,633
Vietnamese Dong	-	-	-	-	1,504	-	1,504
	10,143	96	-	-	130,808	144	141,191

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

(b) Foreign currency risk (contd.)

Functional currency of Group companies	Euro RM'000	Australian Dollar RM'000	US Dollar RM'000	Vietnamese Dong RM'000	Total RM'000
At 31 December 2010					
Trade receivables					
Hong Kong Dollar	-	-	213	341	554
Singapore Dollar	-	-	4	-	4
	-	-	217	341	558
Trade payables					
Hong Kong Dollar	136	-	952	-	1,088
Singapore Dollar	1,390	-	7,579	-	8,969
	1,526	-	8,531	-	10,057
Other payables					
Hong Kong Dollar	-	-	141	-	141
Bank borrowings					
Hong Kong Dollar	-	148,189	9,270	-	157,459
Short-term deposits					
Hong Kong Dollar	37	-	81,536	58	81,631
Vietnamese Dong	-	-	1,370	-	1,370
	37	-	82,906	58	83,001

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

Functional currency of the Company - Ringgit Malaysia	US Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	Total RM'000
At 31 December 2011					
Amount due from/(to) subsidiaries	36,007	(563)	158,648	283,653	477,745
At 31 December 2010					
Amount due from subsidiaries	-	1,340	142,607	277,769	421,716

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

(b) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

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

		Group	
		2011 RM'000	2010 RM'000
USD/SGD	- strengthened 5%	(361)	(378)
	- weakened 5%	361	378
USD/RM	- strengthened 5%	6,220	-
	- weakened 5%	(6,220)	-
USD/HKD	- strengthened 5%	-	3,569
	- weakened 5%	-	(3,569)
AUD/RM	- strengthened 5%	(4,311)	-
	- weakened 5%	4,311	-
AUD/HKD	- strengthened 5%	-	(7,409)
	- weakened 5%	-	7,409
HKD/RM	- strengthened 5%	507	-
	- weakened 5%	(507)	-
HKD/SGD	- strengthened 5%	(307)	-
	- weakened 5%	307	-

(c) Liquidity risk

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

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

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

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	2011			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	168,138	-	5,855	173,993
Loans and borrowings	909,680	156,717	146,481	1,212,878
Total undiscounted financial liabilities	1,077,818	156,717	152,336	1,386,871

	2010			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	193,582	-	5,727	199,309
Loans and borrowings	213,254	1,083,445	154,959	1,451,658
Total undiscounted financial liabilities	406,836	1,083,445	160,686	1,650,967

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

37. CAPITAL MANAGEMENT

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

37. CAPITAL MANAGEMENT (CONTD.)

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio up to 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less capital reserve.

The Company is not subject to any externally imposed capital requirements.

	Group	
	2011	**2010**
	RM'000	**RM'000**
Loans and borrowings (Note 27)	1,110,430	1,281,942
Trade and other payables (Note 24)	173,391	198,734
Less: Cash and bank balances (Note 23)	(298,012)	(373,434)
Financial liabilities, attributable to discontinued operation, net of cash and bank balances	75,239	-
Net debt	1,061,048	1,107,242
Equity attributable to the owners of the parent	3,007,654	2,819,975
Less: Capital reserves	(110,081)	(110,205)
Total capital	2,897,573	2,709,770
Capital and net debt	3,958,621	3,817,012
Gearing ratio	27%	29%

38. SIGNIFICANT EVENTS

(i) Proposed rights issue by Mulpha Land Berhad

On 4 May 2011, a subsidiary of the Company, Mulpha Land Berhad ("MLB") announced the following proposals:

(a) A renounceable rights issue of 456,605,000 rights shares and 273,963,000 free warrants at an indicative issue price of RM0.22 per rights share on the basis of five (5) rights shares and three (3) warrants for every one (1) existing share held in MLB at an entitlement date to be determined by the Board of Directors of MLB and announced later by MLB;

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

(c) Amendments to the memorandum and articles of association of MLB to effect the proposed increase in the authorised share capital.

38. SIGNIFICANT EVENTS (CONTD.)

(i) Proposed rights issue by Mulpha Land Berhad (contd.)

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

The above proposals were approved by MLB's shareholders at an Extraordinary General Meeting held on 23 June 2011.

MLB had on 30 September 2011 obtained the approval of Bursa Malaysia Securities Berhad ("BMSB") for the extension of time of six (6) months from 19 November 2011 to 19 May 2012 to implement the above mentioned proposed rights issue.

BMSB had on 22 March 2012 approved a further extension of time from 19 May 2012 to 19 November 2012 to implement the above mentioned proposal.

(ii) Disposal of Hilton Melbourne Airport Hotel

Details of the disposal of Hilton Melbourne Airport Hotel are disclosed in Note 9(b)(ii) to the financial statements.

39. SUBSEQUENT EVENTS

Details of the disposal of Manta Holdings Company Limited and its subsidiaries are disclosed in Note 9(a) to the financial statements.

40. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organised into three main business segments in the Asia Pacific region as follows:

Property	- property development and investments.
Hospitality	- hotels and service apartments ownership and operation.
General trading	- trading and rental of construction equipments. This segment has been classified as a discontinued operation during the financial year.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

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

40. SEGMENT INFORMATION (CONTD.)

Business segments (contd.)

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

	Property		Hospitality		Investment and others		General trading (discontinued)		Adjustments and eliminations		Note	Per consolidated financial statements	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)		2011 RM'000	2010 RM'000 (restated)
Revenue:													
External customers	207,619	250,010	428,284	476,862	1,497	3,861	60,287	57,157	(60,287)	(57,157)	(i)	637,400	730,733
Inter-segment	-	644	-	-	2,402	1,000	2,783	-	(5,185)	(1,644)	(ii)	-	-
Total revenue	207,619	250,654	428,284	476,862	3,899	4,861	63,070	57,157	(65,472)	(58,801)		637,400	730,733
Results:													
Impairment of non-financial assets	20,329	-	46,873	-	-	-	-	-	-	-		67,202	-
Reversal of impairment for non-financial assets	-	19,737	-	-	-	-	-	-	-	-		-	19,737
Gain on dilution of interest in an associate	-	-	-	-	-	29,784	-	-	-	-		-	29,784
Share of results of associates and jointly-controlled entities	57,318	67,931	-	-	44,530	49,871	-	-	-	-	(i)	101,848	117,802
Depreciation and amortisation	17,053	15,870	38,675	39,977	2,992	1,953	13,019	10,603	(13,019)	-	(i)	58,720	68,403
Segment profit/(loss)	29,526	27,569	(54,006)	20,421	194,002	(9,886)	2,075	13,507	5,304	41,259	(iii)	176,901	92,870
Assets:													
Investments in associates and jointly-controlled entities	-	-	-	-	444,853	422,408	-	-	940,234	882,412		1,385,087	1,304,820
Additions to non-current assets	31,135	30,181	93,986	30,740	14,814	2,284	62,480	29,290	-	-	(iv)	202,415	92,495
Segment assets	1,441,405	1,351,355	1,085,627	1,306,776	879,354	930,174	166,035	134,984	1,012,300	794,107	(v)	4,584,721	4,517,396
Segment liabilities	693,255	628,262	619,220	686,706	604,673	554,410	89,475	62,027	(528,513)	(331,500)	(vi)	1,478,110	1,599,905

40. SEGMENT INFORMATION (CONTD.)

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

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

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

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

	2011 RM'000	2010 RM'000
Profit from inter-segment sales	-	644
Share of results of associates and jointly-controlled entities	101,848	117,802
Unallocated corporate expenses	(94,469)	(77,187)
Segment results of discontinued operation	(2,075)	-
	5,304	41,259

(iv) Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000 (restated)
Property, plant and equipment	202,393	92,431
Investment properties	22	64
	202,415	92,495

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

	2011 RM'000	2010 RM'000 (restated)
Income tax recoverable	949	1,897
Inter-segment assets	(64,837)	(408,029)
Investments in associates and jointly-controlled entities	940,234	882,412
Unallocated assets	135,954	317,827
	1,012,300	794,107

40. SEGMENT INFORMATION (CONTD.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (Contd.):

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

	2011 RM'000	2010 RM'000 (restated)
Deferred tax liabilities	73,986	77,734
Income tax payable	6,513	8,756
Inter-segment liabilities	(1,565,742)	(1,643,700)
Unallocated liabilities	956,730	1,225,710
	(528,513)	(331,500)

Geographical segment

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

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

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)
Australia	511,090	635,297	1,532,022	1,464,095
Hong Kong	-	-	-	11,675
Malaysia	119,012	87,665	440,729	509,035
Singapore	-	-	-	56,337
Vietnam	7,298	7,771	16,522	17,163
	637,400	730,733	1,989,273	2,058,305

40. SEGMENT INFORMATION (CONTD.)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000 (restated)
Property, plant and equipment	1,293,043	1,323,334
Investment properties	21,216	21,419
Prepaid land lease	3,915	4,004
Goodwill	9,137	15,071
Inventories	661,962	694,477
	1,989,273	2,058,305

41. DETAILS OF SUBSIDIARIES

The subsidiaries are as follows:-

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Mulpha International Bhd				
Asian Fame Development Limited [2]	Hong Kong	Investment holding	100	100
AF Investments Limited [2]	Hong Kong	Investment holding	100	100
Ekspo Melaka Sdn. Bhd.	Malaysia	Property ownership and development	100	70
Leisure Farm Corporation Sdn. Bhd.	Malaysia	Property ownership and development	100	100
Menara Mulpha Sdn. Bhd.	Malaysia	Property ownership	100	100
Mulpha Land & Property Sdn. Bhd.	Malaysia	Project management and ownership, development and marketing of property	100	100
Bestari Sepang Sdn. Bhd. (formerly known as Mulpha Sepang Land Sdn. Bhd.)	Malaysia	Investment holding	100	100
Mulpha Australia Limited [2]	Australia	Investment holding	100	100

41. DETAILS OF SUBSIDIARIES (CONTD.)

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Mulpha International Bhd (contd.)				
Mulpha Land Berhad	Malaysia	Investment holding, property investment and development	71	71
Mulpha Ventures Sdn. Bhd.	Malaysia	Trading in securities	100	100
Mulpha Capital Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Trading Sdn. Bhd. [6]	Malaysia	Investment holding	100	100
Mulpha Far East Sdn. Bhd.	Malaysia	Management services	100	100
Mulpha Infrastructure Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Rosetec Investments Limited	British Virgin Islands	Investment holding	100	100
Benteng Horticulture Sdn. Bhd. (formerly known as Mulpha Hotels (Vietnam) Sdn. Bhd.) [4]	Malaysia	Investment holding	-	100
Trans Pelita Sdn. Bhd. [4]	Malaysia	Investment holding	-	100
Abad Teknik Sdn. Bhd. [4]	Malaysia	Inactive	-	100
Atlantic Downstream Sdn. Bhd. (formerly known as Bukit Punchor Holdings Sdn. Bhd.) [4]	Malaysia	Inactive	-	100
Pacific Upflow Sdn. Bhd. (formerly known as Mulpha Global Trade Sdn. Bhd.) [4]	Malaysia	Inactive	-	100
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	100	100
Subsidiary of AF Investments Limited				
Indochine Park Tower [1]	Vietnam	Owner and operator of service apartments	70	70

41. DETAILS OF SUBSIDIARIES (CONTD.)

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.				
Leisure Farm Horticulture Services Sdn. Bhd.	Malaysia	Maintenance and upkeep of landscape environment services	100	100
Evergreen Homestead Sdn. Bhd.	Malaysia	Inactive	100	100
Leisure Farm Equestrian Sdn. Bhd.	Malaysia	Inactive	100	100
Leisure Farm Polo Club Berhad	Malaysia	Dormant	100	100
Subsidiaries of Mulpha Australia Limited				
Bimbadgen Estate Pty. Limited [2]	Australia	Winery & vineyard	100	100
Mulpha Aviation Australia Pty. Ltd [2]	Australia	Dormant	100	100
Mulpha Hotel (Sydney) Pty. Limited [2]	Australia	Property ownership	100	100
Mulpha Hotel (Melbourne) Pty. Limited [2]	Australia	Property ownership	100	100
Caldisc Pty. Limited [2]	Australia	Administration	100	100
Enacon Parking Pty. Limited [2]	Australia	Car park operator	100	100
HD Diesels Pty. Limited [2]	Australia	Investment holding	100	100
HD (Qld) Pty. Limited [2]	Australia	Investment holding	100	100
Mulpha Investments Pty. Limited [2]	Australia	Investment holding	100	100
Mulpha Sanctuary Cove Pty. Limited [2]	Australia	Investment holding	100	100
Mulpha Hotel Investments (Australia) Pty. Limited [2]	Australia	Investment holding	100	100
Mulpha Transport House Pty. Limited [2]	Australia	Property ownership	100	100

41. DETAILS OF SUBSIDIARIES (CONTD.)

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Mulpha Australia Limited (contd.)				
Mulpha Hotel Sydney Trust [2]	Australia	Property ownership	100	100
Mulpha Hotel Melbourne Trust [2]	Australia	Property ownership	100	100
Subsidiary of Mulpha Investments Pty. Limited				
Mulpha (SPV1) Pty. Limited [2]	Australia	Investment holding	100	100
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited				
Mulpha Sanctuary Cove (Developments) Pty. Limited [2]	Australia	Property ownership and development	100	100
Mulpha Sanctuary Cove (Management) Pty. Limited [2]	Australia	Property management	100	100
Sanctuary Cove (Real Estate) Pty. Ltd [2]	Australia	Real estate	100	100
Sanctuary Cove Golf and Country Club Holdings Limited [2]	Australia	Investment holding and property ownership	32	32
SC No. 3 Holdings Pty. Limited [2]	Australia	Dormant	100	100
SC No. 4 Holdings Pty. Limited [2]	Australia	Dormant	100	100
SC No. 5 Holdings Pty. Limited [2]	Australia	Dormant	100	100
SC No. 6 Holdings Pty. Limited [2]	Australia	Dormant	100	100
Mulpha Hotel Management Pty. Limited [2]	Australia	Investment holding	100	100
Subsidiary of Mulpha Sanctuary Cove (Developments) Pty. Limited				
Mulpha Sanctuary Cove (Alpinia) Pty. Limited [2]	Australia	Land ownership	100	-

41. DETAILS OF SUBSIDIARIES (CONTD.)

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiary of Sanctuary Cove Golf and Country Club Holdings Limited				
Sanctuary Cove Golf and Country Club Pty. Limited [2]	Australia	Operation of a club	32	32
Subsidiaries of HD (Qld) Pty. Limited				
HDFI Pty. Limited [2]	Australia	Finance company and investment holding	100	100
Tank Stream Brewing Company Pty. Limited [2]	Australia	Investment holding	100	100
Subsidiary of HD Diesels Pty. Limited				
Salzburg Apartments (Perisher Valley) Pty. Limited [2]	Australia	Investment holding	100	100
Subsidiary of Tank Stream Brewing Company Pty. Limited				
Real Ale Brewers Holdings Pty. Limited [2]	Australia	Investment holding	100	100
Subsidiaries of HDFI Pty. Limited				
CapInvest Pty. Limited [2]	Australia	Investment holding	100	100
HDFI Nominees Pty. Limited [2]	Australia	Nominee services	100	100
Subsidiary of Real Ale Brewers Holdings Pty. Limited				
Tank Stream Group Pty. Limited [2]	Australia	Investment holding	100	100
Subsidiary of Tank Stream Group Pty. Limited				
Tank Stream (Darling Harbour) Pty. Limited [2]	Australia	Inactive	100	100

41. DETAILS OF SUBSIDIARIES (CONTD.)

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited				
Mulpha Hotels Holdings Trust [2]	Australia	Investment holding	100	100
Mulpha Hotels Holdings Pty. Ltd [2]	Australia	Trustee	100	100
Subsidiary of Mulpha Hotels Holdings Pty. Ltd				
Mulpha Hotels Australia Pty. Ltd [2]	Australia	Investment holding	100	100
Subsidiary of Mulpha Hotels Holdings Trust				
Mulpha Hotels Australia Trust [2]	Australia	Investment holding	100	100
Subsidiaries of Mulpha Hotels Australia Trust				
Mulpha Hotel Pty. Limited [2]	Australia	Hotelier	100	100
Mulpha Hotels Trust [2]	Australia	Property ownership	100	100
Subsidiaries of Mulpha Hotels Trust				
Hotel Land Trust [2]	Australia	Land ownership	100	100
Mulpha Hotel Bonds (Holdings) Pty. Limited [2]	Australia	Investment holding	100	100
Bistrita Pty. Ltd [2]	Australia	Trustee	100	100
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty. Limited				
Mulpha Hotel Bonds Pty. Limited [2]	Australia	Bond holder	100	100
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd.				
Mulpha Capital Markets Sdn. Bhd.	Malaysia	Provision of financial services	100	100

41. DETAILS OF SUBSIDIARIES (CONTD.)

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd. (contd.)				
Mulpha Capital Partners Sdn. Bhd.	Malaysia	Investment holding	100	100
Mulpha Capital Asset Management Sdn. Bhd.	Malaysia	Dormant	70	70
Subsidiary of Mulpha Capital Markets Sdn. Bhd.				
Mulpha Credit Sdn. Bhd.	Malaysia	Licensed money lender	100	100
Subsidiaries of Mulpha Trading Sdn. Bhd.				
Mulpha Strategic Limited [2]	British Virgin Islands	Investment holding and funds management	100	100
Mulpha Properties (M) Sdn. Bhd.	Malaysia	Property ownership and management	100	100
Manta Far East Sdn. Bhd. [4]	Malaysia	Investment holding	-	100
MIB Pte Ltd [2]	Singapore	Marketing of property	100	100
Manta Equipment (Malaysia) Sdn. Bhd.	Malaysia	Inactive	70	-
Subsidiary of Mulpha Strategic Limited				
Jumbo Hill Group Limited [2]	British Virgin Islands	Investment holding	100	100
Subsidiary of Jumbo Hill Group Limited				
Manta Holdings Company Limited [2]	Cayman Islands	Investment holding	75	75
Subsidiaries of Manta Holdings Company Limited				
Chief Strategy Limited [2]	British Virgin Islands	Investment holding	100	100

41. DETAILS OF SUBSIDIARIES (CONTD.)

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiaries of Manta Holdings Company Limited (contd.)				
Gold Lake Holdings Limited [2]	British Virgin Islands	Investment holding	100	100
Subsidiaries of Chief Strategy Limited				
Manta Engineering & Equipment Company Limited [2]	Hong Kong	Trading in construction machinery and spare parts	100	100
Manta Equipment Rental Company Limited [2]	Hong Kong	Rental of construction machinery	100	100
Manta Equipment Services Limited [2]	Hong Kong	Investment holding	100	100
Subsidiary of Gold Lake Holdings Limited				
Manta Equipment (S) Pte Ltd [2]	Singapore	Trading and rental of construction machinery	100	100
Subsidiaries of Manta Equipment Rental Company Limited				
Manta - Vietnam Construction Equipment Leasing Limited [2]	Vietnam	Leasing of construction equipment	67	67
Manta Engineering & Equipment (Macau) Company Limited [2]	Macau	Leasing of construction equipment	100	100
Subsidiaries of Manta Equipment (S) Pte Ltd				
Manta Services (S) Pte Ltd [2]	Singapore	Provision of engineering services	100	100
Manta Engineering Pte Ltd [2][5]	Singapore	Dormant	-	100
Subsidiary of Manta Far East Sdn. Bhd.				
Manta Equipment (Malaysia) Sdn. Bhd.	Malaysia	Inactive	-	70

41. DETAILS OF SUBSIDIARIES (CONTD.)

	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Subsidiary of Bestari Sepang Sdn. Bhd.				
Spanstead Sdn. Bhd.	Malaysia	Investment holding	100	100
Subsidiary of Spanstead Sdn. Bhd.				
Seri Ehsan (Sepang) Sdn. Bhd.	Malaysia	Property development	65	65
Subsidiaries of Mulpha Land Berhad				
Bukit Punchor Development Sdn. Bhd.	Malaysia	Property development	70	70
Dynamic Unity Sdn. Bhd.	Malaysia	Investment holding	100	100
Indahview Sdn. Bhd.	Malaysia	Investment holding and property investment	100	100
MLB Quarry Sdn. Bhd.	Malaysia	Operation of quarry plant	60	60
Mulpha Argyle Property Sdn. Bhd.	Malaysia	Property development	51	51
Asas Struktur Sdn. Bhd. [4]	Malaysia	Inactive	100	100
Pintar Citra Sdn. Bhd. [4]	Malaysia	Inactive	100	100
Prudent Gain Sdn. Bhd. [4]	Malaysia	Inactive	84	84
Prudent Design Sdn. Bhd. [4]	Malaysia	Inactive	51	51
Mega Pascal EC Sdn. Bhd. [4]	Malaysia	Dormant	100	100
Subsidiary of Dynamic Unity Sdn. Bhd.				
Golden Cignet Sdn. Bhd.	Malaysia	Property development	100	100

[1] Subsidiaries audited by a member of Ernst & Young Global
[2] Subsidiaries not audited by Ernst & Young
[3] Subsidiaries disposed off during the financial year
[4] Subsidiaries under members' winding up administration/deregistration
[5] Subsidiary struck off during the year
[6] Mulpha Trading Sdn. Bhd. has changed its name to Mulpha Group Services Sdn. Bhd. after the financial year end

42. SUPPLEMENTARY INFORMATION

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

	Group		Company	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Total retained earnings/(accumulated losses)				
- Realised	941,610	737,065	(266,787)	(284,768)
- Unrealised	(33,252)	(34,461)	(14,341)	(27,079)
Total share of retained earnings from associates				
- Realised	143,779	107,193	-	-
- Unrealised	387	2,048	-	-
- Breakdown unavailable *	(120,737)	(115,498)	-	-
Total share of retained earnings from jointly-controlled entities				
- Realised	49,711	82,221	-	-
- Unrealised	1,353	1,565	-	-
	982,851	780,133	(281,128)	(311,847)
Less: Consolidation adjustments	(174,000)	(153,659)	-	-
Total retained earnings as per consolidated accounts	808,851	626,474	(281,128)	(311,847)

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

ANALYSIS OF SHAREHOLDINGS
AS AT 23 APRIL 2012

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

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	Number of shareholders	% of shareholders	Number of shares held	% of issued capital
1 – 99	712	2.13	22,648	-
100 – 1,000	5,106	15.29	4,794,438	0.21
1,001 – 10,000	17,913	53.66	89,391,372	3.90
10,001 – 100,000	8,495	25.45	278,210,173	12.15
100,001 – 114,474,156*	1,155	3.46	980,707,678	42.84
114,474,157 and above#	4	0.01	936,356,849	40.90
	33,385	100.00	2,289,483,158	@100.00

* Less than 5% of issued holdings
\# 5% and above of issued holdings
@ Excludes Treasury shares of 66,430,000

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	Shareholding	Percentage
1.	HSBC Nominees (Asing) Sdn. Bhd.		
	Nautical Investments Limited	477,380,000	20.85
2.	Magic Unicorn Limited	183,899,949	8.03
3.	AIBB Nominees (Asing) Sdn. Bhd.		
	Sun Hung Kai Investment Services Limited for Honest Opportunity Limited	159,340,900	6.96
4.	HSBC Nominees (Asing) Sdn. Bhd.		
	Exempt An For The Bank Of New York Mellon (Mellon Acct)	115,736,000	5.06
5.	Cartaban Nominees (Asing) Sdn. Bhd.		
	Sun Hung Kai Investment Services Limited for Top Champ Assets Limited	91,935,000	4.02
6.	Klang Enterprise Sendirian Berhad	64,906,600	2.83
7.	AMSEC Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account For Vista Power Sdn. Bhd.	64,638,333	2.82
8.	CIMSEC Nominees (Tempatan) Sdn. Bhd.		
	Klang Enterprise Sdn. Bhd. For Yong Pit Chin	47,992,000	2.10
9.	HLG Nominee (Asing) Sdn. Bhd.		
	Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	35,030,781	1.53
10.	Citigroup Nominees (Asing) Sdn. Bhd.		
	CBNY for Dimensional Emerging Markets Value Fund	31,821,100	1.39
11.	Nautical Investments Limited	26,000,000	1.14
12.	Vista Power Sdn. Bhd.	25,363,700	1.11
13.	Citigroup Nominees (Asing) Sdn. Bhd.		
	Exempt An For OCBC Securities Private Limited (Client A/C-NR)	18,993,927	0.83
14.	CIMB Group Nominees (Tempatan) Sdn. Bhd.		
	CIMB Islamic Trustee Berhad For Libra Value Opportunity Fund	17,500,000	0.76
15.	Nautical Investments Limited	17,448,000	0.76
16.	HDM Nominees (Asing) Sdn. Bhd.		
	Exempt An For UOB Kay Hian (Hong Kong) Limited (Clients)	13,205,000	0.58
17.	Citigroup Nominees (Asing) Sdn. Bhd.		
	Exempt An For Merrill Lynch Pierce, Fenner & Smith Incorporated (Foreign)	12,708,666	0.56

No.	Name of shareholders	Shareholding	Percentage
18.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For JPMorgan Chase Bank, National Association (U.S.A)	11,291,700	0.49
19.	HDM Nominees (Asing) Sdn. Bhd. UOB Kay Hian Pte Ltd For Representations INT'L (HK) LTD	10,000,000	0.44
20.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS AG Hong Kong (Foreign)	8,874,200	0.39
21.	Affin Nominees (Asing) Sdn. Bhd. UOB Kay Hian Pte Ltd For Pontirep Investment Pte Ltd	8,500,000	0.37
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Libra)	7,567,000	0.33
23.	OSK Nominees (Asing) Sdn. Berhad Pledged Securities Account For Lee Sui Hee	7,306,400	0.32
24.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	6,993,000	0.31
25.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	5,735,700	0.25
26.	Cimsec Nominees (Asing) Sdn. Bhd. Exempt An For CIMB Securities (Singapore) Pte Ltd (Retail Clients)	5,520,796	0.24
27.	Tan Hua Tong	4,500,000	0.20
28.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank NA, Singapore (Julius Baer)	4,476,900	0.20
29.	OSK Nominees (Tempatan) Pledged Securities Account For Lee Cheng Ming	4,020,000	0.18
30.	Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chong Kwong Chin (M)	2,970,000	0.13

SUBSTANTIAL SHAREHOLDERS

	< Direct	>	< Indirect	>
Name of shareholders	Shareholding	Percentage	Shareholding	Percentage
Nautical Investments Limited	520,828,000	22.75	-	-
Magic Unicorn Limited	183,899,949	8.03	-	-
Mountbatten Corporation	-	-	520,828,000	22.75
Mount Glory Investments Limited	-	-	704,727,949	30.78
Yong Pit Chin	48,153,000	2.10	771,634,549	33.70
Lee Seng Huang	-	-	819,787,549	35.81
Honest Opportunity Limited	159,340,900	6.96	-	-
Mackenzie Cundill Investment Management Ltd	156,544,100	6.84	-	-

SHAREHOLDING OF DIRECTORS

	< Direct	>	< Indirect	>
Name of Directors	Shareholding	Percentage	Shareholding	Percentage
Lee Seng Huang	-	-	819,787,549	35.81
Dato' Robert Chan Woot Khoon	50,000	-	-	-

PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2011

	Location	Year of acquisition	Tenure	Year lease expiring	Age of building	Land area/ built up area	Description	Net carrying amount RM'000
1.	17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan	1983*	Leasehold	2060	50 years	8,072.96 sq m	Industrial land with office, warehouse and workshop	6,210
2.	Lot 679, 7, 8, 1141 and 1514, Mukim Pulai and Tanjung Kupang, Johor	1991	Freehold	_	_	390.94 hectares	Land being used for a resort and recreation/ residential and commercial development	321,690
3.	Lot 84-89, 696, 908 and 2991, Mukim Pulai, Johor	2011	Freehold	_	_	41.79 hectares	Land to be used for mixed residential development	38,171
4.	Mukim 7, Daerah Seberang Perai Selatan, Nibong Tebal, Pulau Pinang	1993 and 1994	Freehold	_	_	2.72 hectares	Land being used for residential, commercial and industrial development	20,973
5.	Lot 904, Jalan Damansara, Section 16, Petaling Jaya, Selangor	1995	Freehold	_	_	2.02 hectares	Land to be used for commercial development	63,872
6.	Lot 1524 HS(D), 3059/95 Padang Meha, Kulim, Kedah	1996	Freehold	_	_	47.57 hectares	Land being used for residential and commercial development	33,441
7.	H.S.(D) 4614 No. P.T. 7019, Mukim Tanjong Duabelas, District Kuala Langat, Selangor	1997	Leasehold	2092	_	444.52 hectares	Land being used for residential and commercial development	152,399
8.	B1005 & B1003 Pusat Dagangan Phileo Damansara II, No. 15, Jln 16/11, Off Jalan Damansara, 46350 Petaling Jaya	1999	Freehold	_	12 years	465.6 sq m	Office lot	997
9.	Unit No. B045/C/1-2, 1st Floor, Block C, Sri Damansara Business Park, Bandar Sri Damansara, 52200 Kuala Lumpur	2001	Freehold	_	12 years	120 sq m	Office lot	324

	Location	Year of acquisition	Tenure	Year lease expiring	Age of building	Land area/ built up area	Description	Net carrying amount RM'000
10.	Geran No. 10561, Lot 11279, Mukim Ampang, Wilayah Persekutuan	2001	Freehold	_	21 years	3,635 sq m	5 storey apartment	18,471
11.	Geran No. 116886/116887, Lot No. 42983/42984, Mukim Kapar, Klang	2001	Freehold	_	_	5.164 hectares	Land to be used for commercial development	4,359
12.	PTD 86864 to 86867, Mukim Pulai, Johor	2005	Freehold	_	_	5.106 acres	Vacant Land	4,824
13.	HSD 7707-7710, Lots 40494-40497, Mukim Kuala Lumpur, Jalan Medang Tanduk, Bukit Bandaraya, 59100 Kuala Lumpur	2006	Freehold	_	_	1.54 acres	Land being used for residential development	38,191
14.	Geran 23566, 23567 & 12881, Lot No. 350, 351 & 9992, Bandar dan Daerah, Kuala Lumpur	2007	Freehold	_	_	10,219.82 sq m	Land to be used for residential development	40,826
15.	Unit E4, Garden Court Village Home, Jalan Pendas, Gelang Patah, Johor	2007	_	_	_	1,583 sq ft	Apartment	200
16.	PT 59273, HS(D) 194925, Mukim Pulai, Johor	2008	_	_	_	5,171.80 sq m	Vacant land	794
17.	PTD 86863, HS(D) 308232, Mukim Pulai, Johor	2008	Freehold	_	_	1.558 acres	Vacant land	810
18.	No. 1 Le Quy Don, District 3, Ho Chi Minh City, Vietnam	1993	Leasehold	2024	13 1/4 years	1,285 sq m	Service apartment	16,062
19.	Unit H, 9th Floor, Valiant Industrial Centre, 2-12 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong	2011*	99 years	2047	29 years	2,711 sq ft	Office lot	1,562

PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2011

	Location	Year of acquisition	Tenure	Year lease expiring	Age of building	Land area/ built up area	Description	Net carrying amount RM'000
20.	4, Tuas View Circuit, 637356 Singapore	2011	30 years	2037	5 years	11,043 sq m	3 storey detahced factory	19,423
21.	McDonalds Road, Palmers Lane, Pokolbin, Lower Hunter Valley, NSW, Australia	1996	Freehold	_	35 years	90.84 hectares	Winery and Vineyard	23,043
22.	Salzburg, Perisher Valley, Snowy Mountains, NSW, Australia	1999*	Leasehold	2035	20 years	3,929 sq m	Apartments for rental	7,871
23.	Cathedral Street Car Park, Cook & Phillip Parks, Sydney, NSW, Australia	1999	Leasehold	2025	12 years	2,700 sq m	Parking station	9,304
24.	Sanctuary Cove, Gold Coast, Brisbane, Queensland, Australia	2002	Freehold	_	_	312.9 hectares	Integrated resort with hotel, golf courses, clubs, marina and residential developments	462,388
25.	99-113, Macquire Street, Sydney, NSW, Australia	2004	Freehold	_	73 years	1,600 sq m	Commercial property	126,556
26.	117, Macquire Street, Sydney, NSW, Australia	2004	Freehold	_	26 years	3,909 sq m	5 star hotel (509 rooms)	625,798
27.	Hayman Island, Great Barrier Reef, Queensland, Australia	2004	Leasehold	Perpetuity	23 years	292.48 hectares	5 star island resort (244 rooms)	275,618
28.	Marritz, Perisher Valley, Snowy Mountains, NSW, Australia	2011	Leasehold	2058	40 years	2,900 sq m	Ski-season hotel	10,490

*Year of last revaluation

Mulpha International Bhd (19764-T)

Incorporated in Malaysia

PROXY FORM

No. of shares held	
CDS Account No.	

I/We ____

of ____

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

____

of ____

or failing him ____

of ____

as my/our proxy to vote on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held on Tuesday, 19 June 2012 at 10.00 am and at any adjournment thereof at Holiday Villa, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan.

	Resolutions	***For**	***Against**
Resolution 1	Re-election of Mr Chung Tze Hien		
Resolution 2	Re-election of Mr Chew Hoy Ping		
Resolution 3	Re-election of YB Dato' Yusli bin Mohamed Yusoff		
Resolution 4	Re-election of Mr Loong Caesar		
Resolution 5	Re-appointment of YB Dato' Robert Chan Woot Khoon		
Resolution 6	Re-appointment of YB Dato' Lim Say Chong		
Resolution 7	To approve the payment of Directors' fees		
Resolution 8	To appoint Auditors		
Resolution 9	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
Resolution 10	Proposed Renewal of Authority to Allot and Issue New Ordinary Shares of RM0.50 each in the Company for the purpose of the Company's Dividend Reinvestment Plan		
Resolution 11	Proposed renewal of authority for the purchases by the Company of its own shares		
Special Resolution	Proposed amendments to the Company's Articles of Association		

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

As witness my/our hand(s) this_____________ day of__________ 2012.

____

Signature(s) of shareholder/
joint shareholder

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

Fold this flap to seal

2nd fold here

Affix 60 cents
stamp here

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

1st fold here

MULPHA INTERNATIONAL BHD (19764-T)

Bangunan Mulpha, 17, Jalan Semangat,
46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: (603) 7957 2233 **Fax:** (603) 7955 6685
www.mulpha.com.my