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# Corporate Information

## DIRECTORS

Mr Yeoh Chong Keat  
Independent Non-executive Chairman

Mr Cheong Marn Seng, Allen  
Executive Director

Dr Teoh Kim Loon  
Independent Non-executive Director

Dato' Yap Sing Hock  
Managing Director

Dato' Tea Choo Keng  
Independent Non-Executive Director

## SECRETARY

Lee Sook Peng (MAICSA 0810465)

## PRINCIPAL FINANCIAL INSTITUTIONS

Bangkok Bank Berhad  
Hwang DBS Investment Bank Berhad

## REGISTERED OFFICE

3rd Floor, Plaza Armada  
Lot 6, Lorong Utara C  
Section 52  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7955 8808 Fax: 03-7955 5808

## REGISTRAR

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2264 3883 Fax: 03-2282 1886

## AUDITORS

Ernst & Young  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel: 03-7495 8000 Fax: 03-2095 9076

## STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia  
Securities Berhad

# Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN THAT the 42nd Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at Golfer Terrace, Christine Resort, Persiaran Seri Alam, Bandar Seri Alam, 81750 Masai, Johor Darul Takzim on Tuesday, 26 June 2012 at 11.00 a.m. for the purpose of transacting the following businesses:-

## AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon. *(Resolution 1)*
2. To approve the payment of Directors' fees. *(Resolution 2)*
3. To re-elect Dato' Yap Sing Hock who retires as Director of the Company in accordance with Article 84 of the Company's Articles of Association. *(Resolution 3)*
4. To re-elect Dato' Tea Choo Keng who retires as Director of the Company in accordance with Article 91 of the Company's Articles of Association. *(Resolution 4)*
5. To appoint Auditors and to authorize the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 and dated 14 May 2012 has been received by the Company for the nomination of Messrs UHY as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young. A copy of the Notice of Nomination is attached as Appendix 1 to the 2011 Annual Report.

"THAT Messrs UHY be and are hereby appointed as Auditors of the Company for the financial year ending 31 December 2012, in place of the retiring Auditors, Messrs Ernst & Young and to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors." *(Resolution 5)*

## AS SPECIAL BUSINESS

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

### 6. ORDINARY RESOLUTION 1 - SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to the provision of Section 132D of the Companies Act, 1965 and approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to issue and allot 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 10% of the issued and paid up share capital of the Company for the time being and such authority shall continue in force until the next Annual General Meeting of the Company." *(Resolution 6)*

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## 7. ORDINARY RESOLUTION 2 - PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK

"THAT subject to the Companies Act, 1965, provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authorities, the Directors of the Company be and are hereby authorized to make purchases of ordinary shares of RM1.00 each in the issued and paid up share capital of the Company through Bursa Malaysia Securities Berhad, provided that:-

- (i) the maximum number of ordinary shares purchased and/or held by the Company shall not exceed 10% of the issued and paid up share capital of the Company;
- (ii) the total maximum amount of funds to be utilized for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits and/or the share premium account of the Company based on its audited financial statements for the financial year ended 31 December 2011; and
- (iii) upon completion of the purchase(s) of its shares by the Company, the shares shall be dealt with in the following manner:-
  - (a) to cancel the shares so purchased; or
  - (b) to retain the shares so purchased as treasury shares, which may be distributed as dividends to the shareholders, and/or resold on the stock market of Bursa Malaysia Securities Berhad; or
  - (c) to retain part of the shares so purchased as treasury shares and cancel the remainder.

AND THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions;
- (b) the expiry of the period within which the next annual general meeting is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever so occurs first, but not to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date, and in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities for the time being in force.



AND THAT the Directors of the Company be and are hereby authorized to do all acts, deeds and things and to execute, sign and deliver all such documents and/or agreements as they may deem necessary or expedient in the best interest of the Company and with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities to give effect to and to complete the aforesaid Proposed Share Buy-Back." (*Resolution 7*)

**8. SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

"THAT the proposed amendments to the Articles of Association of the Company as contained in Appendix 2 attached to the 2011 Annual Report be and are hereby approved." (*Resolution 8*)

9. To transact any other business of the Company for which due notice shall be given.

**BY ORDER OF THE BOARD**

LEE SOOK PENG  
MAICSA 0810465  
Secretary  
Petaling Jaya, Selangor Darul Ehsan  
1 June 2012

**NOTES**

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. In the case of a corporate member, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account the authorised nominee holds with ordinary shares of the Company standing to the credit of the securities account.
4. The form of proxy must be deposited at the registered office of the Company at 3rd Floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, not later than 48 hours before the time stipulated for holding of the meeting or any adjournment thereof.

5. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositor as at 18 June 2012 ("Record of Depositor") and only a depositor whose name appears on the Record of Depositor shall be entitled to attend this meeting.

## **EXPLANATORY NOTES ON SPECIAL BUSINESS**

Resolution 6 is proposed for the purpose of granting a renewed general mandate and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue new shares in the Company up to an aggregate amount not exceeding 10% of the issued and paid up share capital of the Company for such purpose as they consider would be in the interest of the Company. With this renewed general mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investments, working capital and/or acquisitions. This will avoid any delay and cost involved in convening a general meeting to approve such issue of shares. The general mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. As at date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 22 June 2011 and which will lapse at the conclusion of the 42nd Annual General Meeting.

Resolution 7, if passed, will empower the Company to purchase its own shares of a number which, when aggregated with the existing treasury shares, does not exceed 10% of its prevailing issued and paid up share capital. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the proposed share buy-back, please refer to the statement to shareholders dated 1 June 2012 which is despatched together with the 2011 Annual Report.

Resolution 8, if passed, will bring the Articles of Association of the Company to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## **2011 ANNUAL REPORT**

The 2011 Annual Report is in the CD-ROM format. Printed copy of the Annual Report shall be provided to the members within 4 market days from the date of receipt of their verbal or written request. Members who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Ms Lee Sook Peng or Ms Wong Ngoke Meng at Tel. No. 03-79558808, Fax No. 03-79555808 or e-mail to [lienhoe@lienhoe.com.my](mailto:lienhoe@lienhoe.com.my).

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

The profile of the Directors standing for re-election can be found on pages 7 to 9 of the 2011 Annual Report.

# Profile of Directors



**Mr Yeoh Chong Keat**  
**(53 years of age – Malaysian)**  
**Independent Non-executive Chairman**

He was appointed a Director of the Company on 6 December 2001 and Chairs the Audit, Remuneration and Nomination Committees. He was also appointed as Chairman of the Company on 16 September 2009.

He is a chartered accountant by profession and is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Malaysian Institute of Taxation, a Chartered Accountant of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants.

He has been in professional practice upon his return from the United Kingdom in 1982 where he trained and qualified as a chartered accountant with the firm of Deloitte Haskins & Sells (now part of PricewaterhouseCoopers, United Kingdom) and was also formerly the Executive Director PFA Corporate Services Sdn Bhd for over 10 years.

Currently he is the external company secretary of a number of public companies listed on Bursa Malaysia Securities Bhd and is also an independent non-executive director of Cheetah Holdings Bhd and Tambun Indah Land Bhd and a non-independent non-executive director of Gefung Holdings Bhd, all listed on Main Market of Bursa Malaysia Securities Bhd.

**Dato' Yap Sing Hock**  
**(63 years of age – Malaysian)**  
**Managing Director**

He was appointed the Managing Director of the Company on 30 January 2002. He also serves as a member of the Board's Remuneration and Nomination Committees.

He started his career as a building contractor before venturing into property development in the Klang Valley and Johor Baru. He has also been active in real estate investment in Hong Kong and Singapore.

**Mr Cheong Marn Seng, Allen**  
**(47 years of age – Malaysian)**  
**Executive Director**

He was appointed as an Executive Director of the Company since 2001.

He holds a Bachelor of Commerce degree in economic and finance from The University of Melbourne, Australia and is a Chartered Accountant of the Malaysian Institute of Accountants. He has wide experience and knowledge in the discipline of corporate finance, after working in the corporate finance department of an investment bank for 8 years in senior management position. Prior to his stint with the investment banking industry, he was attached to two international accounting firms for several years in the audit and financial services division.

He is also an independent non-executive director of Gefung Holdings Bhd, a company listed on Bursa Malaysia Securities Bhd.

**Dr. Teoh Kim Loon**  
**(58 years of age – Malaysian)**  
**Independent Non-executive Director**

He was appointed a Director of the Company on 7 July 2004. He also serves as a member of the Board's Audit, Remuneration and Nomination Committees.

He graduated in medicine with a degree in MBBS from University of Malaya in 1979. He started his own general practice in 1983. In 1999, he was appointed an independent non executive director of Pharmaniaga Bhd, a company listed on the second board of Bursa Malaysia Securities Bhd. He resigned as a director from Pharmaniaga Bhd in 2001 and assumed the post of Director/Chief Executive of TDMC Hospital Sdn Bhd which owns a 128 bed private hospital in Kuala Lumpur. He resigned from TDMC Hospital Sdn Bhd on 31 July 2011.

He is also the founder member of Korporatif Doctor Malaysia, a life member of Malaysian Medical Association and a member of the American Board of Independent Medical Examiner and is an independent non-executive director of Seloga Holdings Bhd, a company listed on Bursa Malaysia Securities Bhd.

**Dato' Tea Choo Keng**  
**(44 years of age – Malaysian)**  
**Independent Non-executive Director**

He was appointed a Director of the Company on 22 August 2011. He also serves as a member of the Board's Audit Committee.

He graduated with a law degree (LL.B Hons) from the University of Hull (United Kingdom) in 1991. He was called to the bar and admitted as advocate and solicitor in 1993. He set up his own legal practice under the name of Messrs Tea & Company in year 1994. He is currently the managing partner of a legal firm, Messrs Tea, Kelvin Kang & Co.

He is an alternate director to the independent non-executive chairman of Power Root Bhd, a company listed on Bursa Malaysia Securities Bhd.





## OTHER DISCLOSURE BY THE BOARD OF DIRECTORS

None of the Directors has any family relationship with any director and/or substantial shareholders of the Company.

The Directors do not have any conflict of interest with the Company and they have not convicted any offences within the past 10 years.

As at 7 May 2012, the interest of Directors in shares of the Company were as follows:-

Name	Direct Holdings		Indirect Holdings	
	No. of shares	%*	No. of shares	%*
Mr Yeoh Chong Keat	-	-	-	-
Dato' Yap Sing Hock	108,131,117	31.53	3,821,250	1.11
Mr Cheong Marn Seng, Allen	526,500	0.15	-	-
Dr Teoh Kim Loon	900,550	0.26	-	-
Dato' Tea Choo Keng	-	-	-	-

\* Excluding 18,796,100 ordinary shares bought back by the Company and retained as Treasury Shares.

# Chairman's and Managing Director's Joint Message

Dear Valued Shareholders

On behalf of the Board of Directors, we are pleased to present to you the Annual Report of the Company for the financial year ended 31 December 2011.

## Operating results

For the financial year 2011, the Group's revenue was up by 36.1% reaching RM96.13 million compared with RM70.64 million in previous year. The revenue was generated from property investment, building construction, hotel and golf operations. In tandem with the increase in revenue, operating profit rose by 18.0% to RM35.86 million from RM30.39 million in the prior year.

There has been no significant change in the performance of the Group's property investment division as occupancy rate and rental income were almost level with the previous year. It registered revenue of RM3.38 million versus previous year's RM5.11 million, which included revenue of RM1.50 million from sale of land. The net operating profit was however higher at RM2.39 million against RM0.44 million in the preceding year due primarily to additional compensation received from government on land acquisition.

The Group's building construction division carried out more works last year to register a jump of 54.2% in revenue to RM62.50 million from RM40.53 million previously. This revenue were derived mainly from contract jobs awarded by several major property developers for the construction of 128 houses at Symphony Hill in Cyberjaya, 157 houses at Alam Impian in Shah Alam, 74 shop offices at Serdang and 270 units of apartment at Alam Impian in Shah Alam. The division's net operating profit improved to RM3.52 million reflecting the higher revenue and better profit margin attained.

Business at the Group's hotel, Armada Petaling Jaya, continued to show consistent growth and sustained profitability last year. Total sales of the hotel grew from RM22.60 million in the preceding year to RM25.09 million, spurred by higher room occupancy and increased room yield. The improved hospitality market condition in the Klang Valley which drove up hotel room rate had benefitted the business of Armada Petaling Jaya. The newly renovated banquet and convention facilities also contributed to the growth in revenue as we saw a steady increase in covers, driven by a healthy rise in the number of seminars, wedding functions and social events. As a result of the higher business volume and improvement in profit margin, the net operating profit of the hotel gained 14.4% to RM7.78 million from RM6.80 million in the preceding year.

The golf resort delivered weaker results last year due to falling membership subscription and slowdown in rounds of golf. Consequently, we saw the golf operations incurred a net operating loss of RM3.14 million on revenue of RM5.17 million. To mitigate further losses, we have decided to terminate all the existing memberships by offering a buy-back scheme which will pave the way for the partial close down of the golf resort in the financial year 2012.

Overall the Group suffered a loss of RM8.09 million for the financial year 2011 as compared to a profit of RM1.11 million in the preceding year despite a better performance at the operating level.



The loss is mainly attributable to non-operating expenses such as accrued interest on litigation claims of RM1.89 million, fair value adjustment on share investments and receivables of RM2.07 million, additional depreciation charges of RM1.54 million and higher taxation of RM1.16 million.

### **Financial position**

Notwithstanding the results for the financial year 2011, we are fairly positive about the financial health of the Group given its relatively low debt gearing and the potential upside in the value of its landed assets. At the end of the financial year 2011, our total borrowings stood at a comfortable level of 24.4% of total equity while estimated market value of our properties far exceeds the total net carrying amount of RM193.40 million in the books.

Last year a significant amount of cash was invested on our buildings to enhance their earnings capacity and capital value. We believe this capital investment will pay off when these assets begin to yield higher returns in time to come. You will also see a vast improvement in the financial position of the Group once the potential value of our land is unlocked through development in the near future.

### **Outlooks**

Moving into financial year 2012 we are optimistic that the Group's operations will deliver better results despite uncertainty in the overall economic condition.

The building construction division has already secured enough jobs to surpass last year's results. At the time of writing, our outstanding order book stood at RM163.20 million, of which RM104.30 million worth of works are expected to be completed and billed in the financial year 2012. Besides the outstanding jobs on hand, we are now better positioned to win more new contracts to further build up our order book.

Similarly, our hotel division should be able to make further progress in the financial year 2012 as it is in a stronger position to capture more market share in room and food and beverage sales. The final phase of the room refurbishment works currently in progress is due to complete by mid-June 2012. When fully completed, the upgraded room product and improved banquet facilities will further strengthen the hotel's growth prospects.

As reported in the last two years, we were working towards developing the 5.43-acre land in Johor Bahru into 656 units of luxury condominium. To this end, we succeeded in securing planning approval for the development in August 2011 and subsequently on 30 September 2011 we formed a joint venture with AQR5 The Building Company Sdn Bhd to undertake the said development. This joint venture is a deliberate strategy to expedite the development without straining our resources. Estimated to have a gross sales value of RM450 million, this development is expected to be launched in the second half of 2012 and, subject to accounting standards on revenue recognition, we may see earnings from property development in the later part of 2012.

At the same time, we are in the final stages of design and planning for the development of landed homes on the parcel of land in Bandar Seri Alam, Johor. The development comprises 320 semi-detached homes and 80 bungalows in a gated and guarded scheme. Barring unforeseen circumstances, the income from this development will contribute significantly to the Group's earnings in the coming financial years.

### **Acknowledgement**

On behalf of the Board we would like to extend our thanks to the management teams and staff of the Group for the hard work and commitment over the past year. We also like to convey our sincere appreciation to our shareholders, customers, bankers and business associates for maintaining their faith in the Group and we invite their continued support in the financial year 2012.

**YEOH CHONG KEAT**  
Non-executive Chairman  
7 May 2012

**DATO' YAP SING HOCK**  
Managing Director

# Statement on Corporate Governance



The Board of Directors (“the Board”) of Lien Hoe Corporation Berhad continues to endeavour compliance with all the key principles and practices of the Malaysian Code on Corporate Governance. The following statement outlines the corporate governance practices that were in place throughout the year ended 31 December 2011.

## 1. BOARD OF DIRECTORS

### 1.1 Board Composition and Balance

The Board presently consists of 5 members; comprising 2 Executive Directors and 3 Independent Non-executive Directors. Collectively the Board has a mix of industry-specific knowledge and technical skills which are necessary for the leadership and management of the Group. The profile of each of the members of the Board can be found on pages 7 to 9 of this Annual Report.

There is balance in the Board represented by the presence of 3 Independent Non-executive Directors who will review and discuss the strategies proposed by the Management to ensure that the long term interests of minority shareholders are taken into consideration.

### 1.2 Board Responsibilities

The Board is overall and collectively responsible for the strategic direction and business performance of the Group and assume, amongst others, the following responsibilities:-

1. to focus on issues relating to strategic planning for the Group by reviewing and monitoring the implementation of the strategic business plans by Management;
2. to focus on the conduct of the Group’s business by reviewing and monitoring the performance of all operating units and subsidiaries;
3. to identify risks and ensure the implementation of appropriate internal controls and mitigation measures;
4. to review and prescribe policies in relation to the day to day operations of the Group; and
5. to approve annual operating budget, major capital expenditures, material acquisitions and disposals of assets.

The Board meets regularly to review the Group’s corporate strategy, business operation, financial results and also to decide on matters significant to the Group’s business and finances including approval of annual operating budget, major capital expenditures material acquisitions and disposals of assets.

### 1.3 Board Meetings

5 board meetings were held in the financial year ended 31 December 2011 and the attendance record of each director is as follows:

Board of Directors	Meeting Attendance
Mr Yeoh Chong Keat	5/5
Dato' Yap Sing Hock	5/5
Mr Cheong Marn Seng, Allen	5/5
Dr Teoh Kim Loon	5/5
Dato' Tea Choo Keng (Appointed on 22 August 2011)	2/2
Mr Wong Chin Hee (Resigned on 4 July 2011)	3/3
Mr Chan Wah Long (Resigned on 9 August 2011)	3/3

During the year, the Board resolved and approved the Group's matters through board meetings or by way of circular resolutions.

### 1.4 Supply of Information

The Board had been supplied with complete and timely information to enable it to discharge its responsibilities. All notices of meetings together with the agenda and discussion papers were served on the Directors in advance of the meeting dates. The Board has access to advice and services of the Company Secretary.

### 1.5 Board Appointment and Re-election

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to re-election by the shareholders at the annual general meeting following their appointment.

At least one third of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each annual general meeting.

### 1.6 Board Committee

The Board has delegated specific responsibilities to other Board Committees. The details of each of the said committees are set out below:-

#### 1.6.1 Audit Committee

The Terms of Reference of the Audit Committee, its members and its activities during the financial year, details of attendance of each member and the number of meetings held are set out on pages 18 to 21 of this Annual Report.



### **1.6.2 Nomination Committee**

The Nomination Committee consist of Mr Yeoh Chong Keat, Dato' Yap Sing Hock and Dr Teoh Kim Loon.

The Nomination Committee serves to facilitate appointment of new directors as and when necessary and will give due consideration to the mix of experience and skills required for an effective Board.

### **1.6.3 Remuneration Committee**

The Remuneration Committee consists of Mr Yeoh Chong Keat, Dato' Yap Sing Hock and Dr Teoh Kim Loon.

The Remuneration Committee reviews and recommends to the Board the remuneration of the Executive Directors of the Company. The Directors do not participate in decisions on their own remuneration.

## **2. DIRECTORS' REMUNERATION**

Analysis of the Directors' Remuneration are set out on pages 82 and 83 of this Annual Report.

## **3. ACCOUNTABILITY AND AUDIT**

### **3.1 Financial Reporting**

The Board aims to provide a balanced and understandable assessment of the Company's financial position and prospects at the end of the financial year.

The Group publishes full financial statements annually and quarterly results announcements as required by the Main Market Listing Requirements. The Audit Committee assists the Board by reviewing the disclosure information to ensure accuracy and adequacy.

### **3.2 Internal Control**

The Statement on Internal Control as set out on pages 22 and 23 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

### **3.3 Relationship with the Auditors**

The Company has always maintained a transparent and appropriate relationship with its auditors in seeking their professional advice and ensuring compliance with accounting standards in Malaysia.

Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 18 to 21 of this Annual Report.

#### 4. DIRECTORS' TRAINING

The Directors of the Company had attended the following trainings during the financial year ended 31 December 2011:

<b>Directors</b>	<b>Trainings Attended</b>
Mr Yeoh Chong Keat	2011 Budget Seminar – Highlights and Implications on 23 May 2011 National Tax Conference 2011 on 19 & 20 July 2011 Business Sustainability – An Issue of Business Survival on 8 November 2011
Dato' Yap Sing Hock	Key Amendments to Listing Requirements 2011 & Corporate Governance Blueprint 2011 on 22 November 2011
Mr Cheong Marn Seng, Allen	How to Successfully Implement a KPI System within an Organisation on 28 & 29 March 2011 Key Amendments to Listing Requirements 2011 & Corporate Governance Blueprint 2011 on 22 November 2011
Dr Teoh Kim Loon	Key Amendments to Listing Requirements 2011 & Corporate Governance Blueprint 2011 on 22 November 2011
Dato' Tea Choo Keng	Key Amendments to Listing Requirements 2011 & Corporate Governance Blueprint 2011 on 22 November 2011

All the Directors have attended the mandatory accreditation programme and the Directors will continue to undergo other relevant training programmes and seminars to keep abreast with developments in the capital markets, relevant changes in rules and regulations and the business environment from time to time.

#### 5. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Announcements and release of quarterly financial results which are made electronically to the public via Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) as well as the Company's website at [www.lienhoe.com.my](http://www.lienhoe.com.my) provide the shareholders and the investing public with an overview of the Group's performance and operations.

The annual general meeting is the principal forum for dialogue with individual shareholders and investors. At the Company's annual general meeting, shareholders are encouraged to ask questions and express their views about the Company's business and financial issues.





## 6. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

During the financial year ended 31 December 2011, Hotel Armada (PJ) Sdn Bhd, a wholly-owned subsidiary company carried out the following social activities as part of its contribution to the community:-

- i. Visited and provided lunch for the residents of KEWAJA, a home for unwed mothers; and
- ii. Visited and donated groceries and distributed Christmas goodies to the children of Myanmar Chin.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of each financial year and of their results and their cash flows for the year then ended.

The Directors are to ensure that appropriate accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements.

The Directors are responsible for ensuring the Group keeps proper accounting records so as to enable the preparation of the financial statements with reasonable accuracy.

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

## COMPLIANCE STATEMENT

The Board is satisfied that in the financial year ended 31 December 2011, the Company is in compliance with the best practices of the Malaysian Code on Corporate Governance.

This Statement on Corporate Governance is made in accordance with the resolution of the Board dated 7 May 2012.

# Audit Committee Report

The Board of Directors of Lien Hoe Corporation Berhad is pleased to present the Audit Committee Report to provide insight on the discharge of the Audit Committee's function.

## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises of the following Directors:-

### MR YEOH CHONG KEAT

(Independent Non-executive Chairman)

### DR TEOH KIM LOON

(Independent Non-executive Director)

### DATO' TEA CHOO KENG

(Independent Non-executive Director)

## TERMS OF REFERENCE

### COMPOSITION

The Committee shall be appointed by the Board of Directors ("the Board") from amongst its Directors which fulfils the following requirements: -

- (a) the Audit Committee must be composed of no fewer than 3 members;
- (b) a majority of the Audit Committee members must be independent directors and all the Audit Committee members must be non-executive directors;
- (c) at least one member of the Audit Committee: -
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and: -
    - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- (d) no alternate director is appointed as a member of the Audit Committee.



In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above paragraph, the Company must fill the vacancy within 3 months.

The members of the Audit Committee shall select a chairman from among themselves who shall be an independent director.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board once every 3 years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

#### **RIGHTS OF THE AUDIT COMMITTEE**

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

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

#### **REPORTING OF BREACHES TO BURSA MALAYSIA SECURITIES BERHAD**

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

## KEY FUNCTIONS, ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEE

The key functions, roles and responsibilities of the Audit Committee are as follows: -

- (a) To review
  - (i) with the external auditors, the audit plan;
  - (ii) with the external auditors and internal auditors, the evaluation of the system of internal controls;
  - (iii) with the external auditors, the audit report;
  - (iv) the assistance given by the Company's officers to the auditors;
  - (v) 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 and the adequacy of the competency of the internal audit functions;
  - (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on: -
    - changes in or implementation of major accounting policy changes;
    - significant and unusual events; and
    - compliance with accounting standards and other legal requirements;
  - (viii) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (ix) any letter of resignation from the external auditors of the Company; and
  - (x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- (b) To consider the nomination of a person or persons as external auditors together with such other functions as may be agreed to by the Audit Committee and the Board.



## MEETINGS OF THE AUDIT COMMITTEE

Meetings of the Audit Committee shall be held no fewer than 4 times a year and the external auditors may request a meeting if they consider that one is necessary. A representative of the external auditors shall normally attend meetings.

In order to form a quorum in respect of a meeting of the Audit Committee, the majority of members present must be independent directors.

The Company Secretary shall be the Secretary of the Audit Committee and shall circulate the minutes of the meetings of the Audit Committee to all members of the Board.

The Audit Committee met 5 times during the financial year ended 31 December 2011 and the attendance of each member of the Audit Committee are as follows:-

Composition of the Audit Committee	Meeting Attendance
Mr Yeoh Chong Keat	5/5
Dr Teoh Kim Loon	5/5
Dato' Tea Choo Keng (Appointed on 22 August 2011)	2/2
Mr Wong Chin Hee (Resigned on 4 July 2011)	3/3

During the financial year ended 31 December 2011, the Audit Committee met twice with the external auditors without the presence of other executive directors.

## SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The Audit Committee had discharged its duties as set out in its Terms of Reference.

During the financial year ended 31 December 2011, the activities undertaken by the Audit Committee included the following:-

1. Reviewed the quarterly and annual financial results announcements and recommending for the approval by the Board, focusing particularly on compliance with accounting standards and regulatory requirements;
2. Reviewed the nature and scope of the audit with the external auditors, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response; and
3. Reviewed the scope of internal audit plan and the results of the audit work carried out by the internal audit function as well as the recommendations suggested by the internal audit function and the actions taken by Management on such recommendations.

# Statement on Internal Control

The Board of Directors (“the Board”) recognises the importance of good practice of corporate governance and is committed to maintain a sound system of internal control to safeguard shareholders’ investments and Group’s assets and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group for the financial year ended 31 December 2011.

## 1. BOARD’S RESPONSIBILITIES

The Board affirms its overall responsibility for the Group’s system of internal control, risk management and reviewing the adequacy and integrity of these systems. The system of internal control can only provide reasonable and not absolute assurance against material misstatement or loss as it is designed to manage rather than eliminate the risk of failure to achieve the Group’s business objectives.

## 2. KEY ELEMENTS OF THE GROUP’S INTERNAL CONTROL SYSTEM

### 2.1 Control Environment and Control Activities

- The group maintains clear organization structure and clear hierarchical reporting with defined lines of responsibility and accountability.
- Experienced and competent staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group’s system of internal control.
- Clearly defined authorization limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.
- Clearly defined Internal Policies, Standard Operating Procedures and Personnel Manual as the key framework for good internal control practices. These policies manuals are the subjects of regular reviews to meet new business requirements.

### 2.2 Monitoring and Communication

- Regular Board and Management meetings to assess performance and controls.
- Regular visits to operating units by members of the Board and senior management whenever appropriate.
- Regular review of business processes to assess the effectiveness of internal controls by the independent internal audit unit. Reports on findings of the internal audit are presented to the Audit Committee of the Board for consideration.

### 2.3 Risk Management

Risk management forms an integral part of the Group’s business operations. The process of identifying, evaluating, monitoring and managing significant risks is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the regular operations and management meetings.



### **3. INTERNAL AUDIT FUNCTION**

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to an independent consulting firm as part of its efforts to provide adequate and effective internal control systems. The performance of internal audit function is carried out as per the annual audit plan approved by the Audit Committee.

Internal audit has reviewed and commented on the effectiveness and adequacy of the existing control policies and procedures and provided recommendations, if any, for the improvement of the control policies and procedures. The total cost incurred for the internal audit function is RM44,289 for the financial year ended 31 December 2011.

### **4. REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS**

The external auditors have reviewed this Statement on Internal Control for inclusion in this Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

### **5. CONCLUSION**

For the year under review, the Board is of the opinion that the internal control system currently in place is adequate and effective to safeguard the Group's interests and assets.

For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.

This statement is made in accordance with the resolution passed by the Board dated 7 May 2012.

# Other Information

## **SHARE BUY-BACK**

The Company did not buy any of its own shares in the financial year ended 31 December 2011.

## **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**

In the financial year ended 31 December 2011, the Company did not issue any options, warrants or convertible securities.

## **DEPOSITORY RECEIPT PROGRAMME ('DRP')**

The Company did not sponsor any DRP in the financial year ended 31 December 2011.

## **SANCTIONS AND /OR PENALTIES**

Since the end of the previous financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulating bodies.

## **NON-AUDIT FEES**

The amount of non-audit fees incurred for services rendered by the external auditors and its affiliated firms in the financial year ended 31 December 2011 was RM83,000 (2010: RM85,000).

## **VARIATION IN RESULTS**

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2011 and the unaudited results previously announced by the Company.

## **PROFIT GUARANTEE**

There were no profit guarantee given by the Company for the financial year ended 31 December 2011.

## **MATERIAL CONTRACTS**

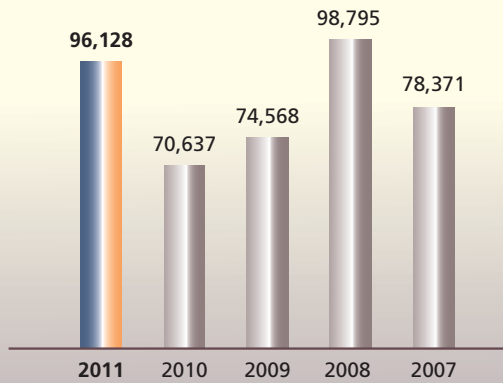
Since the end of the previous financial year, there were no material contracts entered into by the Company and its subsidiaries, involving the directors or substantial shareholders of the Company.



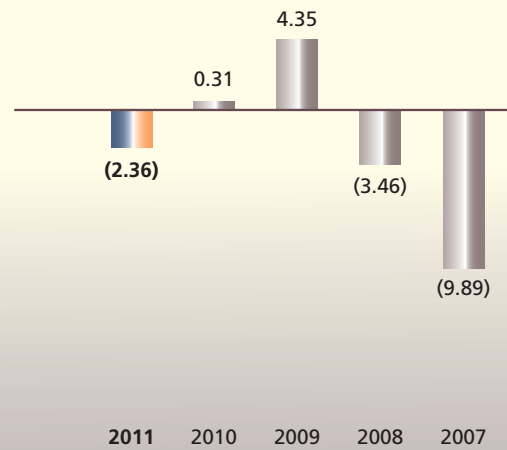
# Five Years Financial Highlights



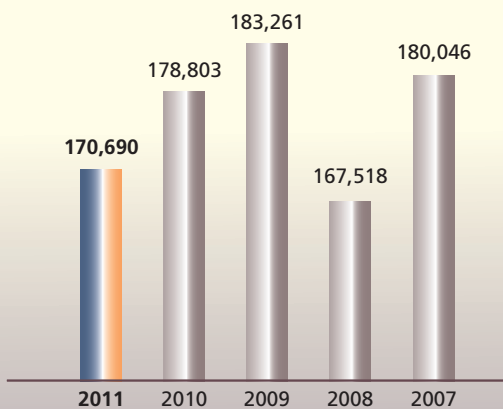
**REVENUE (RM'000)**



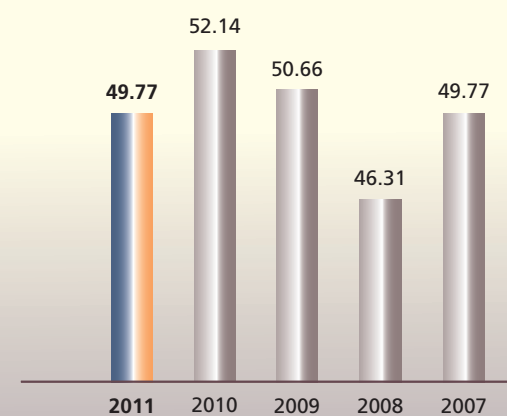
**EARNINGS PER SHARE (SEN)**



**SHAREHOLDERS' EQUITY (RM'000)**



**NET ASSET VALUE PER SHARE (SEN)**



# Directors' Report

The directors hereby present 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 Company is a property and investment holding company.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

## RESULTS

	Group RM'000	Company RM'000
(Loss)/profit net of tax, attributable to owners of the parent	<u>(8,095)</u>	<u>352</u>

There were no material transfers to or from reserves or provisions in the current financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company in the current financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year.

## DIRECTORS

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

Yeoh Chong Keat	
Dato' Yap Sing Hock	
Cheong Marn Seng	
Dr. Teoh Kim Loon	
Dato' Tea Choo Keng	(appointed on 22 August 2011)
Wong Chin Hee	(resigned on 4 July 2011)
Chan Wah Long	(resigned on 9 August 2011)



## DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 23(a) to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	1 January 2011	Acquired	Sold	31 December 2011
<b>The Company</b>				
<b>Direct interest</b>				
Dato' Yap Sing Hock	103,683,417	4,947,700	(500,000)	108,131,117
Cheong Marn Seng	526,500	-	-	526,500
Dr. Teoh Kim Loon	900,550	-	-	900,550
<b>Indirect interest</b>				
Dato' Yap Sing Hock	3,821,250	-	-	3,821,250

Dato' Yap Sing Hock by virtue of his interest in shares in the Company is also deemed interested in shares in all the Company's subsidiaries to the extent in which the Company has an interest.

Yeoh Chong Keat and Dato' Tea Choo Keng who held office at the end of the current financial year do not have any interest in shares in the Company or its related corporations during the current financial year.

## TREASURY SHARES

In the previous financial year, the Company repurchased 18,796,100 of its issued ordinary shares from the open market at an average price of 29.6 sen per share. The total consideration paid for the repurchase including transaction cost was RM5,568,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

The Company did not repurchase any of its shares in the current financial year. Further relevant details are disclosed in Note 14 to the financial statements.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of comprehensive income 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance 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) it necessary to write off any bad debts or the allowance 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 method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.



- (e) 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 current financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the current 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 current 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 current 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 EVENT**

Details of significant event are disclosed in Note 32 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2012.

**Dato' Yap Sing Hock**

**Cheong Marn Seng**

# Statement by Directors and Statutory Declaration

## STATEMENT BY DIRECTORS

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

We, Dato' Yap Sing Hock and Cheong Marn Seng, being two of the directors of Lien Hoe Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 34 to 97 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 of 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 on page 98 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 25 April 2012.

Dato' Yap Sing Hock

Cheong Marn Seng

## STATUTORY DECLARATION

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

I, Cheong Marn Seng, being the director primarily responsible for the financial management of Lien Hoe Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 98 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 Cheong Marn Seng at Kuala  
Lumpur in the Federal Territory  
on 25 April 2012.

Cheong Marn Seng

Before me,  
R. Vasugi Ammal, PJK  
Pesuruhjaya Sumpah  
Kuala Lumpur, Malaysia

# Auditors' Report



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIEN HOE CORPORATION BERHAD (Incorporated in Malaysia)**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Lien Hoe Corporation Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 97.

### **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 controls 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

## OPINION

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 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 material to the consolidated financial statements 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 38 on page 98 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  
Kuala Lumpur, Malaysia  
25 April 2012

Abraham Verghese A/L T.V. Abraham  
No. 1664/10/12(J)  
Chartered Accountant

# Statements of Financial Position

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	187,100	179,261	9,991	10,748
Investment properties	5	6,596	6,596	-	-
Subsidiaries	6	-	-	81,046	66,662
Investment in an associate	7	-	233	-	-
Goodwill on consolidation	8	8,979	8,979	-	-
Trade and other receivables	9	6,425	5,721	576	863
		<b>209,100</b>	<b>200,790</b>	<b>91,613</b>	<b>78,273</b>
<b>Current assets</b>					
Subsidiaries	6	-	-	61,212	67,445
Inventories	10	14,547	14,476	-	-
Trade and other receivables	9	28,317	19,190	5,274	3,273
Amount due from customers					
for contract works	11	1,717	464	-	-
Other investments	12	8,440	9,743	8,440	9,743
Income tax recoverable		1,261	1,995	789	3,119
Cash and bank balances	13	6,395	12,734	315	1,596
		<b>60,677</b>	<b>58,602</b>	<b>76,030</b>	<b>85,176</b>
<b>TOTAL ASSETS</b>		<b>269,777</b>	<b>259,392</b>	<b>167,643</b>	<b>163,449</b>



	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	14	361,742	361,742	361,742	361,742
Share premium	14	51,056	51,056	51,056	51,056
Treasury shares	14	(5,568)	(5,568)	(5,568)	(5,568)
Other reserves	15	21,457	21,475	19,337	19,337
Accumulated losses		(257,997)	(249,902)	(273,458)	(273,810)
<b>Total equity</b>		<b>170,690</b>	<b>178,803</b>	<b>153,109</b>	<b>152,757</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	16	11,265	11,265	-	-
Borrowings (secured)	17	25,895	19,197	392	632
Other payables	18	4,087	6,169	-	-
		<b>41,247</b>	<b>36,631</b>	<b>392</b>	<b>632</b>
<b>Current liabilities</b>					
Borrowings (secured)	17	14,689	14,441	3,240	3,277
Bank overdraft	19	1,012	1,210	-	-
Trade and other payables	18	39,350	25,846	10,902	6,783
Amount due to customers for contract works	11	1,735	61	-	-
Income tax payable		1,054	2,400	-	-
		<b>57,840</b>	<b>43,958</b>	<b>14,142</b>	<b>10,060</b>
<b>Total liabilities</b>		<b>99,087</b>	<b>80,589</b>	<b>14,534</b>	<b>10,692</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>269,777</b>	<b>259,392</b>	<b>167,643</b>	<b>163,449</b>

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

# Statements of Comprehensive Income

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

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	20	96,128	70,637	2,040	2,312
Cost of sales	21	(60,266)	(40,249)	-	-
Gross profit		35,862	30,388	2,040	2,312
Other income	22(b)	6,219	8,292	14,910	4,810
Operating and administration expenses		(39,860)	(33,012)	(9,741)	(9,799)
Other expenses	22(a)	(4,573)	(1,292)	(4,096)	(3,593)
(Loss)/profit from operations	22	(2,352)	4,376	3,113	(6,270)
Finance costs	24	(3,555)	(3,108)	(431)	(619)
Share of results of associates		(233)	637	-	-
(Loss)/profit before tax		(6,140)	1,905	2,682	(6,889)
Income tax expense	25	(1,955)	(795)	(2,330)	-
(Loss)/profit net of tax		(8,095)	1,110	352	(6,889)
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year		(18)	-	-	-
Total comprehensive income for the financial year		(8,113)	1,110	352	(6,889)
(Loss)/profit attributable to owners of the parent		(8,095)	1,110	352	(6,889)
Total comprehensive income attributable to owners of the parent		(8,113)	1,110	352	(6,889)
(Loss)/earnings per share attributable to owners of the parent (sen)					
Basic and diluted	26	(2.36)	0.31		

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

# Statements of Changes in Equity

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

Group	Note	Attributable to owners of the parent						Total equity RM'000
		Non-distributable			Distributable			
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange reserve RM'000	Capital reserves RM'000	Accumulated losses RM'000	
At 1 January 2010		361,742	51,056	-	20	21,455	(251,012)	183,261
Total comprehensive income for the financial year		-	-	-	-	-	1,110	1,110
Purchase of treasury shares	14	-	-	(5,568)	-	-	-	(5,568)
At 31 December 2010		361,742	51,056	(5,568)	20	21,455	(249,902)	178,803
Total comprehensive income for the financial year		-	-	-	(18)	-	(8,095)	(8,113)
<b>At 31 December 2011</b>		<b>361,742</b>	<b>51,056</b>	<b>(5,568)</b>	<b>2</b>	<b>21,455</b>	<b>(257,997)</b>	<b>170,690</b>

Company	Note	Non-distributable			Distributable			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserves RM'000	Accumulated losses RM'000		
At 1 January 2010		361,742	51,056	-	19,337	(266,921)	165,214	
Total comprehensive income for the financial year		-	-	-	-	(6,889)	(6,889)	
Purchase of treasury shares	14	-	-	(5,568)	-	-	(5,568)	
At 31 December 2010		361,742	51,056	(5,568)	19,337	(273,810)	152,757	
Total comprehensive income for the financial year		-	-	-	-	352	352	
<b>At 31 December 2011</b>		<b>361,742</b>	<b>51,056</b>	<b>(5,568)</b>	<b>19,337</b>	<b>(273,458)</b>	<b>153,109</b>	

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	2011 RM'000	2010 RM'000
<b>Operating activities</b>				
(Loss)/profit before tax	<b>(6,140)</b>	1,905	<b>2,682</b>	(6,889)
Adjustments for:				
Depreciation of property, plant and equipment	<b>6,526</b>	4,983	<b>590</b>	708
Dividend income	-	-	-	(272)
Loss/(gain) from disposals of:				
- Investment in associates	-	(1,668)	-	(4,073)
- Property, plant and equipment	<b>222</b>	(231)	-	(155)
- Subsidiaries	<b>(624)</b>	297	-	1,947
Forfeiture of performance security fund	<b>(2,082)</b>	(5,006)	-	-
Goodwill written off	<b>15</b>	-	-	-
Impairment loss on:				
- Amount owing by subsidiaries	-	-	<b>529</b>	1,004
- Property, plant and equipment	<b>181</b>	-	<b>181</b>	-
- Other receivables (third parties)	<b>197</b>	-	<b>197</b>	-
Interest expense	<b>3,555</b>	3,108	<b>431</b>	619
Interest income	<b>(181)</b>	(215)	<b>(5)</b>	-
Inventories written down	-	977	-	-
Loss from deregistration of subsidiaries	-	5	-	17
Loss from fair value adjustments on:				
- Other investments	<b>1,303</b>	13	<b>1,303</b>	13
- Trade receivables (retention sums on contract)	<b>532</b>	-	-	-
- Other receivables (cash collaterals and performance bond)	<b>237</b>	-	-	-
Negative goodwill arising from business combination	-	(245)	-	-
Net impairment loss on trade receivables	<b>250</b>	24	-	-
Property, plant and equipment written off	<b>47</b>	286	-	-
Reversal of impairment loss on:				
- Other receivables	-	(364)	-	(364)
- Investment in subsidiaries	-	-	<b>(14,384)</b>	-
Share of results of associate	<b>233</b>	(637)	-	-
Unrealised foreign exchange (gain)/loss	-	-	<b>(508)</b>	612
Waiver of debt	<b>(1,205)</b>	-	-	-
Operating cash flows before changes in working capital	<b>3,066</b>	3,232	<b>(8,984)</b>	(6,833)



	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Inventories	(71)	852	-	-
Receivables	(12,318)	(1,470)	(1,911)	(511)
Payables	17,014	(6,592)	4,119	(212)
Subsidiaries	-	-	6,212	(23,501)
Cash flows from/(used in) operations	7,691	(3,978)	(564)	(31,057)
Income taxes paid	(2,567)	(1,299)	-	-
Net cash flows from/(used in) operating activities	5,124	(5,277)	(564)	(31,057)
<b>Investing activities</b>				
Dividend received	-	-	-	213
Interest received	181	215	5	-
Net cash inflow from disposal of subsidiaries	-	18,259	-	18,259
Net cash outflow from acquisition of subsidiaries	-	(11,108)	-	-
Net proceeds from disposals of:				
- Investment in associates	-	25,907	-	25,907
- Property, plant and equipment	1,127	463	-	350
Purchase of property, plant and equipment	(15,791)	(6,020)	(14)	(378)
Net cash flows (used in)/from investing activities	(14,483)	27,716	(9)	44,351
<b>Financing activities</b>				
Interest paid	(3,577)	(2,967)	(431)	(590)
Net drawdown/(repayment) of term loans	8,631	(13,952)	-	(6,952)
Net repayment of hire purchase payables	(1,836)	(735)	(277)	(435)
Purchase of treasury shares	-	(5,568)	-	(5,568)
Net cash flows from/(used in) financing activities	3,218	(23,222)	(708)	(13,545)
Net decrease in cash and cash equivalents	(6,141)	(783)	(1,281)	(251)
Cash and cash equivalents at 1 January	11,024	11,807	1,596	1,847
Cash and cash equivalents at 31 December (Note 13)	4,883	11,024	315	1,596

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

# Notes to the Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. During the current financial year, the registered office and principal place of business of the Company has changed and is located at 3rd Floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is property and investment holding. The principal activities of the subsidiaries are disclosed in Note 6. There have been no significant changes in the nature of these activities in the current financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 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 which are mandatory for the 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 also been prepared on the historical cost basis unless otherwise indicated 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 FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.





Description	Effective for annual periods beginning on or after
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
FRS 3 <i>Business Combinations</i>	1 July 2010
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 127 <i>Consolidated and Separate Financial Statements</i>	1 July 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 132 <i>Classification of Rights Issues</i>	1 March 2010
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 1 <i>Limited Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
IC Interpretation 4 <i>Determining Whether an Arrangement contains a Lease</i>	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

The adoption of the above Standards and Interpretations did not have any significant impact on the financial performance or position of the Group and the Company except for those discussed below:

- 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 33. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 34(b).

### **2.3 Malaysian Financial Reporting Standards (“MFRS Framework”)**

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

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

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 comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated 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 unrealised losses are not eliminated if there are indication of impairment.



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

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

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 Foreign currency**

### **(a) Functional and presentation of 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.

### **(b) Foreign currency transactions**

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net

investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

**(c) 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.

**2.6 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 assets if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

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

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the period of the respective leases which ranges from 75 years to 90 years. Depreciation for other property, plant and equipment is computed on the



straight line basis to write off the cost of each asset to its residual value over their estimated useful lives, at the following annual rates:

Buildings	1% to 5%
Plant and machinery and motor vehicles	10% to 20%
Furniture, fittings and equipment	10% to 33%

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

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

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

## 2.7 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties of the Group comprise freehold land. Freehold land has an unlimited useful life and therefore is not depreciated.

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

Transfers are made to or from investment properties 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 as set out in Note 2.6 up to the date of change in use.

## 2.8 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

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

## 2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the 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 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 CGU 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.

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

## **2.10 Subsidiaries**

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

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

## **2.11 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 in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. 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 in 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, including any long-term interests that, in substance, form part of the Group's net investment in the associates, 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 any additional impairment loss with respect to the Group's investment in the associate. 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 most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

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.

## **2.12 Financial assets**

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

When the 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 and loans and receivables.

### **(a) 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 losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

#### **(b) 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. 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 twelve months after the reporting date which are classified as non-current.

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

### **2.13 Impairment of financial assets**

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

#### **- 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.

#### **2.14 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, at banks, deposits at call (excluding deposits pledged for banking facilities granted to the Group and the Company) that are readily convertible to known amount of cash and which have an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

#### **2.15 Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.



When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers for contract work. When progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract work.

## **2.16 Inventories**

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost includes direct materials and other direct costs. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## **2.17 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

## **2.18 Financial liabilities**

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities can either be classified as either financial liabilities at fair value through profit and loss or other

financial liabilities. The Group and Company classifies all its financial liability as other financial liabilities.

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 twelve 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.

## **2.19 Borrowing costs**

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

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



## 2.20 Employee benefits

### (a) Short term benefits

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

### (b) Defined contribution plans

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

## 2.21 Leases - 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 lease 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. Contingent rentals are charged to profit or loss in the periods in which they are incurred.

## 2.22 Revenue

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.

### (a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.15.

### (b) Dividend income

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

### (c) Golf revenue

Income from green fees and golf related income are recognised as income upon delivery of services.

### (d) Management fee

Management fee is recognised when services are rendered.

### (e) Membership fees

Membership fees are recognised on accrual basis. Each membership is issued through a membership agreement. The portion of the membership fee relating to a performance security is taken up in the statements of financial position as disclosed in Note 18. The balance of the membership fee that represents entrance fee is recognised as income.

### (f) Rental income

Rental income is recognised on accrual basis over the period of tenancy.

### (g) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised on an accrual basis.



**(h) Sale of goods**

Revenue is recognised net of sales taxes upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**2.23 Income taxes**

**(a) Current tax**

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

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

**(b) Deferred tax**

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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

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

## 2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.





## **2.25 Share capital and share issuance expenses**

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

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

## **2.26 Treasury shares**

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

## **2.27 Contingencies**

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

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

Details of contingencies are disclosed in Note 28.

## **2.28 Non-current assets (or disposal group) held for sale and discontinued operation**

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

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 and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

#### **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:

##### **(a) Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating unit ("CGU") to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 8.

##### **(b) Impairment of loans and receivables**

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 9.



**(c) 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 recognises 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. Details of income taxes and deferred tax liabilities are as disclosed in Notes 25 and 16 respectively.

**(d) Depreciation of plant and equipment**

The cost of plant and equipment is depreciated on a straight line basis over the assets' useful life. Management estimates of the useful lives of plant and equipment are as disclosed in Note 2.6. Any changes in the residual value could impact the future depreciation charges. A 1% difference in the current year depreciation charge would result in approximately 0.8% variance in the loss for the year of the Group.

**(e) Construction contracts**

The Group recognises construction contracts revenue and expenses in the income statement using the percentage of completion method. The percentage of completion is determined by the proportion of costs incurred for the work performed to date over the estimated total costs.

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

The revenue and costs recognised in the current and prior year are disclosed in Note 20 and Note 21 respectively.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold building RM'000	Short leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Group</b>								
<b>At 31 December 2011</b>								
<b>Cost</b>								
At 1 January 2011	20,940	65,168	21,119	109,793	308	9,241	12,648	239,217
Additions	-	7,693	-	-	-	741	7,508	15,942
Disposals	-	-	-	-	-	(1,760)	-	(1,760)
Write off	-	(33)	-	-	-	(15)	(2,790)	(2,838)
Disposal of a subsidiary	-	-	-	-	-	(5)	-	(5)
At 31 December 2011	<b>20,940</b>	<b>72,828</b>	<b>21,119</b>	<b>109,793</b>	<b>308</b>	<b>8,202</b>	<b>17,366</b>	<b>250,556</b>
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2011	1,702	20,238	3,901	22,231	184	4,006	7,694	59,956
Charge for the year	-	1,400	306	1,736	15	1,374	1,695	6,526
Impairment loss for the year	-	181	-	-	-	-	-	181
Disposals	-	-	-	-	-	(411)	-	(411)
Write off	-	(1)	-	-	-	(9)	(2,781)	(2,791)
Disposal of a subsidiary	-	-	-	-	-	(5)	-	(5)
At 31 December 2011	<b>1,702</b>	<b>21,818</b>	<b>4,207</b>	<b>23,967</b>	<b>199</b>	<b>4,955</b>	<b>6,608</b>	<b>63,456</b>
Analysed as:								
Accumulated depreciation	-	21,223	4,207	23,967	199	4,955	6,608	61,159
Accumulated impairment losses	1,702	595	-	-	-	-	-	2,297
	<b>1,702</b>	<b>21,818</b>	<b>4,207</b>	<b>23,967</b>	<b>199</b>	<b>4,955</b>	<b>6,608</b>	<b>63,456</b>
<b>Net carrying amount</b>								
At 31 December 2011	<b>19,238</b>	<b>51,010</b>	<b>16,912</b>	<b>85,826</b>	<b>109</b>	<b>3,247</b>	<b>10,758</b>	<b>187,100</b>



	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold building RM'000	Short leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Group</b>								
<b>At 31 December 2010</b>								
<b>Cost</b>								
At 1 January 2010								
As previously stated	13,039	3,219	-	109,793	308	6,134	10,542	143,035
Effects of adopting the amendments to FRS 117	-	-	21,119	-	-	-	-	21,119
As restated	13,039	3,219	21,119	109,793	308	6,134	10,542	164,154
Acquisition of a subsidiary	7,901	59,380	-	-	-	773	2,212	70,266
Disposal of subsidiaries	-	-	-	-	-	-	(247)	(247)
Additions	-	2,840	-	-	-	3,748	1,788	8,376
Disposals	-	-	-	-	-	(899)	(137)	(1,036)
Write off	-	(271)	-	-	-	(515)	(1,510)	(2,296)
At 31 December 2010	20,940	65,168	21,119	109,793	308	9,241	12,648	239,217
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2010								
As previously stated	1,702	757	-	20,513	169	3,417	6,822	33,380
Effects of adopting the amendments to FRS 117	-	-	3,595	-	-	-	-	3,595
As restated	1,702	757	3,595	20,513	169	3,417	6,822	36,975
Charge for the year	-	879	306	1,718	15	1,137	928	4,983
Acquisition of a subsidiary	-	18,674	-	-	-	659	1,641	20,974
Disposal of subsidiaries	-	-	-	-	-	-	(162)	(162)
Disposals	-	-	-	-	-	(704)	(100)	(804)
Write off	-	(72)	-	-	-	(503)	(1,435)	(2,010)
At 31 December 2010	1,702	20,238	3,901	22,231	184	4,006	7,694	59,956
Analysed as:								
Accumulated depreciation	-	19,824	3,901	22,231	184	4,006	7,694	57,840
Accumulated impairment losses	1,702	414	-	-	-	-	-	2,116
	1,702	20,238	3,901	22,231	184	4,006	7,694	59,956
<b>Net carrying amount</b>								
At 31 December 2010	19,238	44,930	17,218	87,562	124	5,235	4,954	179,261

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Company</b>					
<b>At 31 December 2011</b>					
<b>Cost</b>					
At 1 January 2011	9,980	1,180	3,769	3,044	17,973
Additions	-	-	-	14	14
Write off	-	-	-	(2,772)	(2,772)
At 31 December 2011	<b>9,980</b>	<b>1,180</b>	<b>3,769</b>	<b>286</b>	<b>15,215</b>
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2011	1,702	567	2,108	2,848	7,225
Charge for the year	-	59	502	29	590
Impairment loss for the year	-	181	-	-	181
Write off	-	-	-	(2,772)	(2,772)
At 31 December 2011	<b>1,702</b>	<b>807</b>	<b>2,610</b>	<b>105</b>	<b>5,224</b>
Analysed as:					
Accumulated depreciation	-	236	2,610	105	2,951
Accumulated impairment losses	1,702	571	-	-	2,273
	<b>1,702</b>	<b>807</b>	<b>2,610</b>	<b>105</b>	<b>5,224</b>
<b>Net carrying amount</b>					
At 31 December 2011	<b>8,278</b>	<b>373</b>	<b>1,159</b>	<b>181</b>	<b>9,991</b>



	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Company</b>					
<b>At 31 December 2010</b>					
<b>Cost</b>					
At 1 January 2010	9,980	1,180	3,814	3,041	18,015
Additions	-	-	675	3	678
Disposals	-	-	(720)	-	(720)
At 31 December 2010	9,980	1,180	3,769	3,044	17,973
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2010	1,702	508	2,013	2,819	7,042
Charge for the year	-	59	620	29	708
Disposals	-	-	(525)	-	(525)
At 31 December 2010	1,702	567	2,108	2,848	7,225
<b>Analysed as:</b>					
Accumulated depreciation	-	177	2,108	2,848	5,133
Accumulated impairment losses	1,702	390	-	-	2,092
	1,702	567	2,108	2,848	7,225
<b>Net carrying amount</b>					
At 31 December 2010	8,278	613	1,661	196	10,748

- (a) In the current financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM15,942,000 (2010: RM8,376,000) and RM14,000 (2010: RM678,000) respectively, of which RM151,000 (2010: RM2,356,000) and RMNil (2010: RM300,000) respectively were acquired under hire purchase arrangements.
- (b) Included in property, plant and equipment of the Group and of the Company are assets under hire purchase arrangements with a total net book value of RM2,184,000 (2010: RM4,636,000) and RM1,060,000 (2010: RM1,658,000) respectively.
- (c) The freehold and long leasehold land and buildings of the Group with net carrying amount of RM158,492,000 (2010: RM103,733,000) are charged to financial institutions for facilities granted to the Group as disclosed in Note 17.
- (d) The impairment loss of RM181,000 (2010: RMNil) of the Company was derived after considering the estimated fair value of this property. The impairment was in respect of freehold buildings.

## 5. INVESTMENT PROPERTIES

	Group	
	2011 RM'000	2010 RM'000
Cost	13,240	13,240
Accumulated impairment losses	<b>(6,644)</b>	(6,644)
Net carrying amount	<b>6,596</b>	6,596
The estimated fair value of investment properties	<b>6,596</b>	6,596

Investment properties of the Group comprise freehold land.

The estimated fair value was based on a valuation as at 31 December 2010 by an independent firm of professional valuer, Henry Butcher Malaysia, a registered valuer with the Board of Valuers, Appraisers & Estate Agents Malaysia to reflect the market value by "comparison method" of valuation. This method estimates the value of a property by comparing it to the prices of similar properties sold in similar locations within a recent period of time. As at 31 December 2011, the estimated fair value of the investment properties has not changed significantly. Accordingly, no adjustment was made to the carrying amount of investment properties.

## 6. SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
<b>Unquoted shares, at cost</b>		
At 1 January	<b>254,607</b>	320,447
Disposal of subsidiaries	-	(65,330)
Deregistration of subsidiaries	-	(510)
At 31 December	<b>254,607</b>	254,607
<b>Accumulated impairment losses</b>		
At 1 January	<b>(187,945)</b>	(193,285)
Disposal of subsidiaries	-	4,830
Deregistration of subsidiaries	-	510
Reversal of impairment loss	<b>14,384</b>	-
At 31 December	<b>(173,561)</b>	(187,945)
<b>Investment in subsidiaries, net of impairment</b>	<b>81,046</b>	66,662





	Company	
	2011 RM'000	2010 RM'000
<b>Amount owing by subsidiaries</b>		
At 1 January	121,097	111,708
(Repayment)/Advance	(5,958)	26,546
Disposal of subsidiaries	-	(3,242)
Deregistration of subsidiaries	-	(13,915)
Write off	(6,528)	-
At 31 December	108,611	121,097
<b>Amount owing to subsidiaries</b>	(4,451)	(4,705)
<b>Allowance for impairment</b>		
At 1 January	(48,947)	(61,841)
Deregistration of subsidiaries	-	13,898
Charge for the year	(529)	(1,004)
Write off	6,528	-
At 31 December	(42,948)	(48,947)
<b>Amount owing by subsidiaries, net of impairment</b>	61,212	67,445

The amount owing by/(to) subsidiaries are unsecured, non-interest bearing and repayable on demand.

During the current financial year, the directors have re-assessed the impairment losses made on investments in subsidiaries. Certain subsidiaries have demonstrated sustainable earnings and cash inflows for the past 2 years. The directors are of the view that the earnings and cash flows will continue in the foreseeable future and accordingly, the impairment losses relating to these subsidiaries were reversed during the financial year.

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective interest	
			2011 %	2010 %
Armada Resorts Sdn Bhd	Malaysia	Investment holding	100	100
Atria Properties Sdn Bhd	Malaysia	Inactive	-	100
Beta Management Services Sdn Bhd	Malaysia	Inactive	100	100
Bondmark Construction Services Sdn Bhd	Malaysia	Inactive	100	100
Christine Resort Bhd <sup>^</sup>	Malaysia	Operation of golf resort	100	100

Name of company	Country of incorporation	Principal activities	Effective interest	
			2011 %	2010 %
Dominion Bay Sdn Bhd	Malaysia	Inactive	100	100
Hasil Andalas Sdn Bhd	Malaysia	Inactive	100	100
Hotel Armada Group Sdn Bhd	Malaysia	Investment holding	100	100
Hotel Armada (PJ) Sdn Bhd	Malaysia	Property investment and operation of hotel	100	100
Irama Serangkai Sdn Bhd	Malaysia	Property investment	100	100
LH Bintang Development Sdn Bhd	Malaysia	Property development	100	100
LH Commercials Pte Ltd <sup>+</sup>	Singapore	Inactive	100	100
LH Indah Apartments Sdn Bhd	Malaysia	Property investment	100	100
LH Indah Apartments (First) Sdn Bhd	Malaysia	Property investment	100	100
LH Indah Apartments (Second) Sdn Bhd	Malaysia	Property investment	100	100
Lien Hoe Property Management Sdn Bhd	Malaysia	Inactive	100	100
Lien Hoe Square Sdn Bhd	Malaysia	Property investment	100	100
Macro Resources Sdn Bhd	Malaysia	Building contractors	100	100
Macro Technology Sdn Bhd	Malaysia	Inactive	100	100
Menara Lien Hoe Sdn Bhd	Malaysia	Inactive	100	100
Pro-Meridian Sdn Bhd	Malaysia	Inactive	100	-
Taman Templer Sdn Bhd	Malaysia	Inactive	100	100

All the companies are audited by Ernst & Young Malaysia except for those marked (“+”) which are audited by a member firm of Ernst & Young Global in the respective country, and those marked (“^”) which are audited by other firms.



**(a) Acquisition of a subsidiary**

On 9 May 2011, the Company acquired the entire issued and paid-up capital of Pro-Meridian Sdn Bhd for a consideration of RM1.

The acquisition had the following impact on the financial results of the Group for the current financial year from the date of acquisition:

	2011 RM'000
Revenue	-
Loss net of tax, representing total comprehensive loss for the financial year	<u>(10)</u>

The acquisition had the following impact on the financial position of the Group as at the end of the current financial year:

	2011 RM'000
Bank balances	6
Payables	<u>(2)</u>
Group's share of net assets	<u>4</u>

The fair value of the identifiable assets acquired and liabilities assumed from the acquisition of the subsidiary were:

	At date of acquisition RM'000
Payables	(15)
Goodwill on acquisition (Note 8)	<u>15</u>
Total cost of acquisition, representing net cash outflow of the Group and of the Company	<u>-*</u>

\* Denotes RM1

**(b) Disposal of a subsidiary**

On 6 May 2011, LH Commercials Pte Ltd, a wholly owned subsidiary of the Company, disposed of the entire issued and paid-up capital of Atria Properties Sdn Bhd for a consideration of RM1.

The disposal had the following impact on the financial position of the Group as at the end of the current financial year:

	2011 RM'000
Payables	(624)
Gain on disposal	624
Net disposal proceeds, representing net cash inflow to the Group and the Company	<u>        </u> -*

\* Denotes RM1

## 7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Quoted shares, at cost</b>				
At 1 January	-	35,590	-	35,590
Disposals	-	(25,834)	-	(25,834)
Transfer to cost of other investments (Note 12)	-	(9,756)	-	(9,756)
At 31 December	-	-	-	-
<b>Unquoted shares, at cost</b>				
At 1 January	251	14,251	-	-
Transfer to cost of investment in subsidiary	-	(14,000)	-	-
At 31 December	251	251	-	-
<b>Share of results</b>				
Post acquisition results	(232)	1,433	-	-
Negative goodwill	-	26,351	-	-
Disposals	-	(27,147)	-	-
Effects of an associate becoming a subsidiary	-	(636)	-	-
	(232)	1	-	-
<b>Accumulated impairment losses</b>				
At 1 January	(19)	(26,371)	-	-
Disposals	-	24,742	-	-
Effects of an associate becoming a subsidiary	-	1,610	-	-
At 31 December	(19)	(19)	-	-
<b>Net investment</b>	-	233	-	-



Details of the associate are as follows:

Name of company	Country of incorporation	Principal activities	Effective interest	
			2011	2010
			%	%
PMR Builders Sdn Bhd	Malaysia	Building contractors	30	30

The Group has not recognised losses relating to PMR Builders Sdn Bhd where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the reporting date was RM197,000. The Group has no obligation in respect of these losses.

The summarised financial information of the associate at the reporting date, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2011	2010
	RM'000	RM'000
<b>Assets and liabilities</b>		
Current assets, representing total assets	1,077	1,455
Current liabilities, representing total liabilities	1,727	678
<b>Results</b>		
Revenue	8,679	29,777
(Loss)/profit for the financial year	(1,429)	2,210

## 8. GOODWILL ON CONSOLIDATION

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	8,979	8,979
Acquisition of a subsidiary (Note 6)	15	-
Write off	(15)	-
Net carrying amount at 31 December	8,979	8,979

Goodwill has been allocated to the Group's cash generating units ('CGUs') identified according to business segments as follows:

	Construction RM'000	Property RM'000	Hotel and leisure RM'000	Total RM'000
<b>At 31 December 2011/2010</b>	<b>52</b>	<b>4,276</b>	<b>4,651</b>	<b>8,979</b>

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the directors are of the opinion that since all the CGUs are to be held on a long term basis, value in use would best reflect its recoverable amount. The value in use is determined by discounting future cash flows over a ten-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

There remains a risk that, due to unforeseen changes in the respective economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. In calculating the value in use for each cash-generating unit, management has applied a discount rate of 8 - 12% and a growth rate of 1 - 5%. The following describes each key assumptions on which management has based its cash flow projections for the purposes of impairment testing of goodwill:

- (a) the discount rate used reflected the management's best estimate of return on capital employed required in the respective segments.
- (b) growth rate used is based on historical trend of each segment taking into account industry outlook for that segment.
- (c) the profit margin used in the projections are based on the historical profit margin trend for the individual cash generating unit or budgeted profit margin for predetermined projects obtained.

The management believes that no reasonably possible change in any of the above key assumptions would have caused the carrying values of the CGUs to materially exceed their recoverable amounts other than those disclosed above.



## 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	12,782	6,219	-	-
Retention sums on contracts (Note 11)	2,774	813	-	-
Less: Allowance for impairment				
- Third parties	(94)	(178)	-	-
	<b>15,462</b>	<b>6,854</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>				
Prepayments	3,002	6,391	-	-
Cash collaterals	739	291	-	-
Performance bond	854	-	-	-
Third parties	8,270	5,654	5,284	3,273
Less: Allowance for impairment				
- Third parties	(10)	-	(10)	-
	<b>12,855</b>	<b>12,336</b>	<b>5,274</b>	<b>3,273</b>
	<b>28,317</b>	<b>19,190</b>	<b>5,274</b>	<b>3,273</b>
<b>Non-current</b>				
<b>Trade receivables</b>				
Third parties	903	-	-	-
Retention sums on contracts (Note 11)	4,515	4,858	-	-
Less: Allowance for impairment				
- Third parties	(257)	-	-	-
	<b>5,161</b>	<b>4,858</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>				
Cash collaterals	688	-	-	-
Third parties	763	863	763	863
	<b>1,451</b>	<b>863</b>	<b>763</b>	<b>863</b>
Less: Allowance for impairment				
- Third parties	(187)	-	(187)	-
	<b>1,264</b>	<b>863</b>	<b>576</b>	<b>863</b>
	<b>6,425</b>	<b>5,721</b>	<b>576</b>	<b>863</b>
Total trade and other receivables	34,742	24,911	5,850	4,136
Add: Cash and bank balances (Note 13)	6,395	12,734	315	1,596
Less: Prepayments	(3,002)	(6,391)	-	-
Total loans and receivables	<b>38,135</b>	<b>31,254</b>	<b>6,165</b>	<b>5,732</b>

## Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 days (2010: 7 to 30 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables (including retention sums on contracts) is as follows:

	2011 RM'000	2010 RM'000
Neither past due nor impaired	16,356	8,195
1 to 30 days past due not impaired	2,789	2,116
31 to 60 days past due not impaired	226	69
61 to 90 days past due not impaired	173	85
91 to 120 days past due not impaired	340	155
More than 120 days past due not impaired	-	1,092
	3,528	3,517
Impaired	1,090	178
	<b>20,974</b>	<b>11,890</b>

### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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

### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,528,000 (2010: RM3,517,000) that are past due at the reporting date but not impaired, and are unsecured in nature. The management is confident that these receivables are recoverable as these accounts are still active.

### 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:

	Individually impaired	
	2011 RM'000	2010 RM'000
Trade receivables - gross	1,090	178
Less: Allowance for impairment	(351)	(178)
	<b>739</b>	<b>-</b>





	Individually impaired	
	2011	2010
	RM'000	RM'000
Movement in the allowance accounts:		
At 1 January	178	154
Charge for the year	310	77
Write off	(77)	-
Reversal of impairment losses	(60)	(53)
At 31 December	351	178

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

#### Other receivables

Other receivables included cash collaterals and performance bond that are used to guarantee the construction contracts of a wholly owned subsidiary, Macro Resources Sdn Bhd for which firm commitments existed at reporting date, extending to May 2013.

## 10. INVENTORIES

	Group	
	2011	2010
	RM'000	RM'000
At cost:		
Consumables	836	765
At net realisable value:		
Land, completed apartments and office lots	13,711	13,711
	14,547	14,476

The title deed for office lot with net carrying amount of RM78,000 (2010: RM78,000) is in the process of being transferred to the Group.

In the previous financial year, inventories were written down by RM977,000 to their net realisable values.

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## 11. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2011 RM'000	2010 RM'000
Construction costs incurred to date	87,153	109,411
Attributable profit	9,051	10,981
	<u>96,204</u>	<u>120,392</u>
Progress billings	(96,222)	(119,989)
	<u>(18)</u>	<u>403</u>
Amount due from customers for contract works	1,717	464
Amount due to customers for contract works	(1,735)	(61)
	<u>(18)</u>	<u>403</u>
Retention sums on contracts, included within trade receivables (Note 9)		
Current	2,774	813
Non-current	4,515	4,858
	<u>7,289</u>	<u>5,671</u>
Contract revenue recognised as an income (Note 20)	<u>62,496</u>	<u>40,532</u>
Construction costs recognised as an expense (Note 21)	<u>54,674</u>	<u>35,162</u>

## 12. OTHER INVESTMENTS

	Group/Company	
	2011 RM'000	2010 RM'000
<b>Current</b>		
Held for trading investments		
Quoted shares in Malaysia, at cost	9,756	9,756
Accumulated fair value adjustment	(1,316)	(13)
Carrying amount	<u>8,440</u>	<u>9,743</u>

The quoted shares are charged to a financial institution for facility granted to the Company as disclosed in Note 17.



### 13. CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash on hand and at banks	5,343	5,272	142	335
Short term deposits with:				
Licensed banks	879	6,201	-	-
Other financial institution	173	1,261	173	1,261
Cash and bank balances	6,395	12,734	315	1,596
Less: Fixed deposit pledged	(500)	(500)	-	-
Bank overdraft	(1,012)	(1,210)	-	-
Cash and cash equivalents	4,883	11,024	315	1,596

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods depending on the immediate cash requirements of the Group and of the Company, and earn interests at respective short-term deposit rates. The deposits earn interest of 2.7% to 3.1% (2010: 2.0% to 2.8%) per annum and have average maturities of 6 months (2010: 6 months).

Included in the deposits is a sum of RM500,000 (2010: RM500,000) pledged to a financial institution for banking facility granted to the Group.

### 14. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group / Company					
	Number of ordinary shares of RM1 each		Amount			
	2011 '000	2010 '000	2011 RM'000	2010 RM'000		
<b>Authorised:</b>						
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000		
	←-----		-----→			
	Number of ordinary shares of RM1 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
At 1 January 2010	361,742	-	361,742	51,056	412,798	-
Purchase of treasury shares	-	(18,796)	-	-	-	(5,568)
At 31 December 2010/ 31 December 2011	361,742	(18,796)	361,742	51,056	412,798	(5,568)

## Share capital

The holders of ordinary shares (except treasury 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's residual assets.

## Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

In the previous financial year, the Company acquired 18,796,100 of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad. The total amount paid to acquire the shares was RM5,568,000 and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

## 15. OTHER RESERVES

		Group		Company	
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
<b>Non-distributable</b>					
Exchange reserve	(a)	2	20	-	-
<b>Distributable:</b>					
Capital reserve	(b)	21,455	21,455	19,337	19,337
		<b>21,457</b>	<b>21,475</b>	<b>19,337</b>	<b>19,337</b>

(a) The exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign operation whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operation.

(b) The capital reserve relates to the asset revaluation reserve portion for land and buildings which have been disposed of.



## 16. DEFERRED TAX LIABILITIES

	Group	
	2011 RM'000	2010 RM'000
At 1 January	11,265	11,722
Recognised in profit or loss (Note 25)	-	(449)
Disposal of subsidiaries	-	(8)
At 31 December	<b>11,265</b>	<b>11,265</b>

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

	At 1 January 2010 RM'000	Recognised in profit or loss RM'000	Disposal of subsidiaries RM'000	At 31 December 2010 RM'000	Recognised in profit or loss RM'000	At 31 December 2011 RM'000
<b>Deferred tax liabilities</b>						
Accelerated capital allowances	5,803	-	(8)	5,795	88	5,883
Fair value adjustment arising from business combination	6,355	(449)	-	5,906	(97)	5,809
	<b>12,158</b>	<b>(449)</b>	<b>(8)</b>	<b>11,701</b>	<b>(9)</b>	<b>11,692</b>
<b>Deferred tax assets</b>						
Unused tax losses and unabsorbed capital allowances	(436)	-	-	(436)	9	(427)
	<b>11,722</b>	<b>(449)</b>	<b>(8)</b>	<b>11,265</b>	<b>-</b>	<b>11,265</b>

## 17. BORROWINGS (SECURED)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Current</b>				
Bankers' acceptances	2,179	2,179	-	-
Term loans	12,000	11,000	3,000	3,000
Hire purchase payables (Note 27)	510	1,262	240	277
	<b>14,689</b>	<b>14,441</b>	<b>3,240</b>	<b>3,277</b>

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Non-current</b>				
Term loans	24,918	17,287	-	-
Hire purchase payables (Note 27)	977	1,910	392	632
	<b>25,895</b>	<b>19,197</b>	<b>392</b>	<b>632</b>
<b>Total borrowings</b>				
Bankers' acceptances	2,179	2,179	-	-
Term loans	36,918	28,287	3,000	3,000
Hire purchase payables (Note 27)	1,487	3,172	632	909
	<b>40,584</b>	<b>33,638</b>	<b>3,632</b>	<b>3,909</b>
<b>Maturity of borrowings (excluding hire purchase payables)</b>				
Within 1 year	14,179	13,179	3,000	3,000
More than 1 year and less than 2 years	9,918	9,000	-	-
More than 2 years and less than 5 years	15,000	8,287	-	-
	<b>39,097</b>	<b>30,466</b>	<b>3,000</b>	<b>3,000</b>

The range of interest rates at the reporting date for borrowings, excluding hire purchase payables, are as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Bankers' acceptances	6.0 - 7.0	6.0 - 7.0	-	-
Term loans	7.8 - 10.0	7.2 - 10.0	10.0	10.0

The borrowings, other than hire purchase payables, are secured by the following:

- (a) Freehold and long leasehold land and buildings of the Group as disclosed in Note 4;
- (b) Quoted shares held by the Company as disclosed in Note 12; and
- (c) Corporate guarantee of the Company.



## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Current</b>				
Trade payables	14,284	6,014	-	-
Other payables:				
- Accruals	8,447	6,377	2,784	845
- Others	16,619	13,455	8,118	5,938
	<b>39,350</b>	<b>25,846</b>	<b>10,902</b>	<b>6,783</b>
<b>Non-current</b>				
Other payables:				
- Performance security fund	4,087	6,169	-	-
Total trade and other payables	43,437	32,015	10,902	6,783
Borrowings (Note 17)	40,584	33,638	3,632	3,909
Bank overdraft	1,012	1,210	-	-
Total financial liabilities carried at amortised cost	<b>85,033</b>	<b>66,863</b>	<b>14,534</b>	<b>10,692</b>

Trade and other payables are non-interest bearing and are normally settled on an average term of 60 days (2010: 60 days).

In accordance with the membership agreement, the performance security fund shall only be refunded upon the member having fully complied with all the terms and conditions of the refund as stated in the membership agreement and, in addition, successfully securing a new member for the transfer of his membership.

Included in other payables is an amount of RM5,000,000 as explained in Note 30.

## 19. BANK OVERDRAFT

The bank overdraft bears interest at a rate of 7.9% (2010: 7.9%) per annum and is secured by corporate guarantee of the Company.

## 20. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Construction revenue	62,496	40,532	-	-
Dividend income from subsidiary	-	-	-	272
Management fees from subsidiaries	-	-	2,040	2,040
Rental income	3,375	3,609	-	-
Revenue from golf resort	5,170	1,718	-	-
Revenue from hotel	25,087	23,274	-	-
Sale of land	-	1,504	-	-
	<b>96,128</b>	<b>70,637</b>	<b>2,040</b>	<b>2,312</b>

## 21. COST OF SALES

	Group	
	2011 RM'000	2010 RM'000
Cost of inventories	5,592	5,087
Construction cost	54,674	35,162
	<b>60,266</b>	<b>40,249</b>

## 22. (LOSS)/PROFIT FROM OPERATIONS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(Loss)/profit from operations is stated after charging/(crediting):				
Auditors' remuneration:				
- Statutory audit	222	207	69	55
- Other services	83	85	18	18
Depreciation of property, plant and equipment (Note 4)	6,526	4,983	590	708
Directors' emoluments (Note 23(a))	5,214	5,351	4,027	4,648
Net impairment loss on trade receivables	250	24	-	-
Other expenses (Note 22(a))	4,573	1,292	4,096	3,593
Other income (Note 22(b))	(6,219)	(8,292)	(14,910)	(4,810)
Property, plant and equipment written off	47	286	-	-
Rental of premises	734	927	588	588
Staff costs (Note 22(c))	11,335	9,394	2,248	1,647





	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(a) Other expenses</b>				
Accrual of interest on litigation claims	1,886	-	1,886	-
Goodwill written off	15	-	-	-
Impairment loss on:				
- Amount owing by subsidiaries	-	-	529	1,004
- Property, plant and equipment	181	-	181	-
- Other receivables (third parties)	197	-	197	-
Inventories written down	-	977	-	-
Loss from deregistration of subsidiaries	-	5	-	17
Loss from fair value adjustments on:				
- Other investments	1,303	13	1,303	13
- Trade receivables (retention sums on contracts)	532	-	-	-
- Other receivables (cash collaterals and performance bond)	237	-	-	-
Loss from disposal of:				
- Property, plant and equipment	222	-	-	-
- Subsidiaries	-	297	-	1,947
Unrealised foreign exchange loss	-	-	-	612
	<b>4,573</b>	<b>1,292</b>	<b>4,096</b>	<b>3,593</b>
<b>(b) Other income</b>				
Additional land compensation from government	(1,804)	-	-	-
Gain from disposals of:				
- Investment in associates	-	(1,668)	-	(4,073)
- Property, plant and equipment	-	(231)	-	(155)
- Subsidiary	(624)	-	-	-
Forfeiture of:				
- Other deposits	-	(67)	-	-
- Performance security fund	(2,082)	(5,006)	-	-
Interest income	(181)	(215)	(5)	-
Management fee receivable	-	(120)	-	-
Miscellaneous income	(323)	(376)	(13)	(218)
Negative goodwill arising from business combination	-	(245)	-	-
Reversal of impairment loss on:				
- Other receivables	-	(364)	-	(364)
- Investment in subsidiaries	-	-	(14,384)	-
Unrealised foreign exchange gain	-	-	(508)	-
Waiver of debt	(1,205)	-	-	-
	<b>(6,219)</b>	<b>(8,292)</b>	<b>(14,910)</b>	<b>(4,810)</b>

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(c) Staff costs</b>				
Wages and salaries	9,964	8,039	2,083	1,508
Social security costs	139	114	16	15
Defined contribution plans	936	745	149	124
Other staff related expense	296	496	-	-
	<b>11,335</b>	<b>9,394</b>	<b>2,248</b>	<b>1,647</b>

## 23. KEY MANAGEMENT PERSONNEL REMUNERATION

### (a) Directors

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	4,281	4,809	3,915	4,540
Benefits-in-kind	30	30	30	30
	<b>4,311</b>	<b>4,839</b>	<b>3,945</b>	<b>4,570</b>
Non-executive:				
Fees	112	108	112	108
<b>Directors of subsidiaries</b>				
Executive:				
Salaries and other emoluments	821	434	-	-
Total	<b>5,244</b>	<b>5,381</b>	<b>4,057</b>	<b>4,678</b>
<b>Analysis excluding benefits-in-kind:</b>				
Total executive directors' remuneration	5,102	5,243	3,915	4,540
Total non-executive directors' remuneration	112	108	112	108
Total directors' remuneration	<b>5,214</b>	<b>5,351</b>	<b>4,027</b>	<b>4,648</b>



The number of directors of the Company whose total remuneration for the financial year ended 31 December fell within the following bands is analysed as below:

	Number of Directors	
	2011	2010
Executive directors:		
RM250,001 to RM300,000	-	1
RM350,001 to RM400,000	1	-
RM650,001 to RM700,000	1	-
RM1,300,001 to RM1,350,000	-	1
RM3,200,001 to RM3,250,000	1	1
Non-executive directors:		
Below RM50,000	3	3
RM50,001 to RM100,000	1	-

**(b) Other key management personnel**

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	1,268	1,061	246	232
Social security costs	4	4	1	1
Defined contribution plans	139	121	29	28
	<b>1,411</b>	<b>1,186</b>	<b>276</b>	<b>261</b>

**24. FINANCE COSTS**

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Hire purchase	174	128	37	56
Bank overdrafts, bankers' acceptances and trust receipts	99	227	-	-
Term loans	3,282	2,753	394	563
	<b>3,555</b>	<b>3,108</b>	<b>431</b>	<b>619</b>

## 25. INCOME TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysian income tax:				
Current year	1,969	1,889	-	-
(Over)/under provision in prior years	(14)	(645)	2,330	-
	<b>1,955</b>	<b>1,244</b>	<b>2,330</b>	<b>-</b>
Deferred tax (Note 16):				
Deferred tax relating to origination and reversal of temporary differences	-	(449)	-	-
Income tax expense recognised in profit or loss	<b>1,955</b>	<b>795</b>	<b>2,330</b>	<b>-</b>

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

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	2011 RM'000	2010 RM'000
<b>Group</b>		
(Loss)/profit before tax	<b>(6,140)</b>	<b>1,905</b>
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	<b>(1,535)</b>	476
Effect of expenses not deductible for tax purposes	<b>3,044</b>	1,834
Income not subject to tax	<b>(159)</b>	(478)
Deferred tax assets not recognised during the year	<b>1,236</b>	592
Over provision of income tax expense in prior years	<b>(14)</b>	(645)
Utilisation of group relief	<b>(675)</b>	(825)
Effect of share of results of associates	<b>58</b>	(159)
Income tax expense recognised in profit or loss	<b>1,955</b>	<b>795</b>
<b>Company</b>		
Profit/(loss) before tax	<b>2,682</b>	<b>(6,889)</b>
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	<b>671</b>	(1,722)
Effect of expenses not deductible for tax purposes	<b>2,581</b>	2,311
Income not subject to tax	<b>(3,727)</b>	(1,018)
Deferred tax assets not recognised during the year	<b>475</b>	429
Under provision of income tax expense in prior years	<b>2,330</b>	-
Income tax expense recognised in profit or loss	<b>2,330</b>	<b>-</b>



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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unused tax losses	32,439	28,349	6,555	4,828
Unabsorbed capital allowances	1,675	819	541	369
	<b>34,114</b>	<b>29,168</b>	<b>7,096</b>	<b>5,197</b>

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the respective entities within the Group, subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authorities. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which they can be utilised based on the current plan of the respective companies.

## 26. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The computation of diluted earnings per share is not affected by any other factors.

The followings reflect the profit or loss and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 31 December:

	2011 RM'000	2010 RM'000
<b>Group</b>		
(Loss)/profit net of tax, attributable to owners of the parent used in the computation of basic and diluted earnings per share	<b>(8,095)</b>	1,110
	<b>2011 '000</b>	<b>2010 '000</b>
Weighted average number of ordinary shares for basic and diluted earnings per share computation*	<b>342,946</b>	354,759
	<b>2011 sen</b>	<b>2010 sen</b>
Basic and diluted (loss)/earnings per share	<b>(2.36)</b>	0.31

\* In the previous financial year, the weighted average number of shares takes into account the effect of the purchase of treasury shares.

## 27. HIRE PURCHASE PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Minimum lease payments:</b>				
Within 1 year	583	1,420	276	314
More than 1 year and less than 2 years	579	1,274	276	276
More than 2 years and less than 5 years	537	875	176	452
	<b>1,699</b>	<b>3,569</b>	<b>728</b>	<b>1,042</b>
Less: Future finance charges	(212)	(397)	(96)	(133)
Present value of hire purchase payables	<b>1,487</b>	<b>3,172</b>	<b>632</b>	<b>909</b>
<b>Present value of finance lease liabilities:</b>				
Within 1 year	510	1,262	240	277
More than 1 year and less than 2 years	501	1,134	240	240
More than 2 years and less than 5 years	476	776	152	392
	<b>1,487</b>	<b>3,172</b>	<b>632</b>	<b>909</b>
<b>Analysed as:</b>				
Due within 12 months included as current liabilities (Note 17)	510	1,262	240	277
Due after 12 months included as non-current liabilities (Note 17)	977	1,910	392	632
	<b>1,487</b>	<b>3,172</b>	<b>632</b>	<b>909</b>

The hire purchase payables bear interest at the reporting date of 2.6% to 6.8% (2010: 2.7% to 6.0%) per annum.

## 28. CONTINGENCIES

There are no contingent liabilities to be disclosed for the Group and the Company.



## 29. CAPITAL COMMITMENTS

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
Capital expenditure for property, plant and equipment	-	2,992

## 30. LITIGATION

On 19 November 2002, the Company was served with a writ of summons by two third parties claiming the refund of a sum of RM5,000,000 which was paid in relation to a sale and purchase agreement between them and the Company on 3 March 1997. The said sale and purchase agreement had since lapsed due to non-fulfillment of the terms therein by the third parties.

The suit went for trial and the matters were concluded on 18 November 2011. The High Court of Shah Alam awarded judgement in favour of the two third parties while dismissing the Company's counterclaim. Interest calculated based on the award by the High Court amounting to RM1,886,000 was accrued for during the financial year (see Note 22(a)).

Subsequently on 9 March 2012, the Company entered into a settlement agreement with the third parties and appropriate adjustments will be made upon full settlement.

## 31. RELATED PARTY TRANSACTIONS

	<b>Company</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividend income received from a subsidiary	-	272
Management fees charged to subsidiaries	<b>2,040</b>	<b>2,040</b>

Information regarding outstanding balances arising from related party transactions are disclosed in Note 6.

The remuneration of key management personnel is disclosed in Note 23.

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## 32. SIGNIFICANT EVENTS

On 30 September 2011, Pro-Meridian Sdn Bhd ("Pro-M"), a wholly owned subsidiary of the Company, entered into a development agreement with AQRS The Building Company Sdn Bhd ("AQRS") to jointly undertake, develop and complete the development of two blocks of 38-storey residential serviced apartments on the land held under Geran 98274 for Lot 1845 in Mukim Tebrau, Daerah Johor Bahru, Negeri Johor which measuring approximately 5.43 acres.

The gross development value for the intended development is estimated at RM450 million. Pro-M shall be paid by AQRS a minimum guaranteed amount of RM117,000,000 for this development, payable by three years installment based on the terms in the agreement.

## 33. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### (a) Fair value of financial instruments that are carried at fair value

#### Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. prices) or indirectly (ie. derived from prices); and
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

There were no material transfers between Level 1, Level 2 and Level 3 during the current financial year.





The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	<b>Quoted Price (Level 1) RM'000</b>
<b>Group</b>	
<b>As at 31 December 2011</b>	
Financial assets:	
Other investments (Note 12)	<u>8,440</u>
<b>As at 31 December 2010</b>	
Financial assets:	
Other investments (Note 12)	<u>9,743</u>
<u>Determination of fair value</u>	

Other investments (Note 12): Fair value is determined by direct reference to their published market bid price in an active market at the reporting date.

**(b) 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:

	<b>Note</b>
Current and non-current trade and other receivables and payables	9 and 18
Current and non-current borrowings at floating rate	17 and 19

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.

### **34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Risk Management Committee assists the Board to oversee the management of risk issues and review the efficacy of the internal controls of the Group. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the financial year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken. The Group and the Company do not apply hedge accounting.

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

**(a) Credit risk**

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the status of major receivables are reported to the Board of Directors with the result that the Group's exposure to bad debts is not significant.

The Group's receivables relate to a large number of diversified customers and does not have any significant exposure to any individual customer or counterparty nor does it have any significant concentration of credit risk related to any financial instrument.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Information regarding receivables that are neither past due nor impaired is disclosed in Note 9. Deposits with banks and other financial institutions and other investments are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding receivables that are either past due or impaired is disclosed in Note 9.



### Financial guarantees

The Company provides unsecured financial guarantees to bank and other institutions in respect of facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

A nominal amount of RM5,646,000 (2010: RM 3,389,000) relates to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

As at the reporting date, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised as their fair values on initial recognition were not material (2010: not material).

### **(b) 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 its payables, borrowings and bank overdraft.

The Group actively 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 prudent 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 of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term fundings so as to achieve overall cost effectiveness.

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

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	Total RM'000
<b>At 31 December 2011</b>				
<b>Group</b>				
Trade and other payables, excluding performance security fund*	39,350	-	-	39,350
Borrowings	14,689	10,886	17,037	42,612
Bank overdrafts	1,012	-	-	1,012
	<b>55,051</b>	<b>10,886</b>	<b>17,037</b>	<b>82,974</b>

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	Total RM'000
<b>Company</b>				
Trade and other payables	10,902	-	-	10,902
Borrowings	3,240	276	176	3,692
	<b>14,142</b>	<b>276</b>	<b>176</b>	<b>14,594</b>

#### At 31 December 2010

##### Group

Trade and other payables, excluding performance security fund*	25,846	-	-	25,846
Borrowings	14,441	10,783	9,475	34,699
Bank overdrafts	1,210	-	-	1,210
	<b>41,497</b>	<b>10,783</b>	<b>9,475</b>	<b>61,755</b>

##### Company

Trade and other payables	6,783	-	-	6,783
Borrowings	3,277	276	452	4,005
	<b>10,060</b>	<b>276</b>	<b>452</b>	<b>10,788</b>

\* At the reporting date, the counterparty to the performance security fund does not have a right to demand for cash as the terms and conditions as stipulated in the membership agreement have not been met. Accordingly, performance security fund under the scope of FRS 139 are not included in the above maturity profile analysis.

#### (c) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.



The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity and interest rates of financial liabilities are disclosed in their respective notes.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 20 basis points lower/higher, with all other variables held constant, the Group's and Company's loss net of tax would have been lower/higher by RM80,000 and RM6,000 respectively as a result of lower/higher interest expense on floating rates borrowings.

#### **(d) 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 foreign currency exposure of the Group is minimal as the Group has an insignificant level of international operations.

#### **(e) Market price risk**

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risk from their investments in quoted shares. The quoted shares in Malaysia are listed on the Main Market of Bursa Malaysia Securities Berhad. These shares are classified as held for trading financial assets. However, the exposure is minimal as the Group's and the Company's investments in quoted shares are small compare to its total assets.

#### Sensitivity analysis for equity price risk

At the reporting date, if the market price of the quoted shares had been 1% higher/lower, with all other variables held constant, the Group's and the Company's loss net of tax would have been RM84,000 lower/higher, arising as a result of higher/lower fair value gain/loss on held for trading investment in quoted shares, and the carrying amount for the Group's and the Company's other investment would have been RM84,000 higher/lower.

### 35. CAPITAL MANAGEMENT

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

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

### 36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (a) Property - land and property investment.
- (b) Construction - building contractors for residential and commercial properties.
- (c) Hotel and leisure - operation of hotel and golf resort.
- (d) Corporate - group-level corporate services and treasury functions.

The 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. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Analysis by geographical segments are not presented as the Group principally operates in Malaysia.

Revenue from major customers amounted to RM31,211,000 (2010: RM32,399,000), arising from revenue of the construction segment.

	Property		Construction		Hotel and leisure		Corporate		Adjustments and eliminations		Per consolidated financial statements	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>												
External customers	3,375	5,113	62,496	40,532	30,257	24,992	-	-	-	-	96,128	70,637
Inter-segment	-	-	-	-	-	-	2,040	2,312	(2,040)	(2,312)	-	-
Total revenue	3,375	5,113	62,496	40,532	30,257	24,992	2,040	2,312	(2,040)	(2,312)	96,128	70,637
<b>Results</b>												
Depreciation of property, plant and equipment	(1,171)	(1,152)	(278)	(204)	(4,471)	(2,904)	(606)	(723)	-	-	(6,526)	(4,983)
Share of results of associates	-	-	(233)	-	-	-	-	637	-	-	(233)	637
Other material non cash (expense)/income	-	(977)	(769)	-	3,079	4,796	(3,207)	1,890	-	-	(897)	5,709
Segment profit/(loss)	2,391	443	3,517	2,574	4,641	8,623	(11,042)	(5,167)	(5,647)	(4,568)	(6,140)	1,905
<b>Assets</b>												
Additions to property, plant and equipment	-	310	345	812	15,583	6,575	14	679	-	-	15,942	8,376
Segment assets	82,863	87,024	26,950	15,970	141,938	135,671	42,621	45,830	(24,595)	(25,103)	269,777	259,392
<b>Segment liabilities</b>	41,605	43,871	20,321	10,951	90,101	88,460	14,603	11,357	(67,543)	(74,050)	99,087	80,589

## Notes

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

- (i) Inter-segment revenue and dividend income are eliminated on consolidation.
- (ii) Other material non-cash (expense)/income consist of the following items as presented in the respective notes to the financial statements:

	2011 RM'000	2010 RM'000
Accrual of interest on litigation claims	(1,886)	-
Forfeiture of performance security fund	2,082	5,006
Gain/(loss) from disposal of:		
- Investment in associates	-	1,668
- Property, plant and equipment	(222)	231
- Subsidiaries	624	(297)
Impairment loss on:		
- Property, plant and equipment	(181)	-
- Other receivables (third parties)	(197)	-
- Trade receivables	(250)	
Inventories written down	-	(977)
Loss from fair value adjustments on:		
- Other investments	(1,303)	-
- Other receivables (cash collaterals and performance bond)	(237)	-
- Trade receivables (retention sums on contract)	(532)	-
Property, plant and equipment written off	-	(286)
Reversal of impairment loss on other receivables	-	364
Waiver of debt	1,205	-
	<b>(897)</b>	<b>5,709</b>

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

	2011 RM'000	2010 RM'000
Interest expenses	(3,555)	(3,108)
Interest income	181	215
Inter-segment management fee	(2,040)	(2,040)
Inter-segment dividend income	-	(272)
Share of result of an associate	(233)	637
	<b>(5,647)</b>	<b>(4,568)</b>





## 37. COMPARATIVES

The following comparative figures have been reclassified to be consistent with current year's presentation:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>Statements of financial position</b>			
<b>Group</b>			
<b>Non-current assets</b>			
Trade and other receivables	1,063	4,658	5,721
<b>Current assets</b>			
Trade and other receivables	23,848	(4,658)	19,190
<b>Company</b>			
<b>Non-current assets</b>			
Trade and other receivables	1,063	(200)	863
<b>Current assets</b>			
Trade and other receivables	3,073	200	3,273

### 38. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

The breakdown and components of accumulated losses are identified and disclosed in accordance with the listing requirements of Bursa Malaysia Securities as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total accumulated losses of the Company and its subsidiaries:				
- Realised	(471,719)	(517,620)	(275,219)	(275,060)
- Unrealised	(5,438)	(4,091)	1,761	1,250
	<b>(477,157)</b>	<b>(521,711)</b>	<b>(273,458)</b>	<b>(273,810)</b>
Total share of results from associates - realised	(233)	1	-	-
	<b>(477,390)</b>	<b>(521,710)</b>	<b>(273,458)</b>	<b>(273,810)</b>
Less: Consolidation adjustments	219,393	271,808	-	-
Accumulated losses as per financial statements	<b>(257,997)</b>	<b>(249,902)</b>	<b>(273,458)</b>	<b>(273,810)</b>

# Schedule of Properties

Held by the Company and its Subsidiaries  
as at 31 December 2011



Location of Properties	Description	Date of Acquisition	Expiration of Lease	Land Area (Acres)	Approximate		
					Lettable Area (Sq. Ft.)	Age of Building (Years)	Net Book Value (RM'000)
Lot 51, Section 27, Town of Petaling Jaya, Selangor	23 storey hotel with 242 rooms and 4 storey podium with basement car park <i>Known as Armada Petaling Jaya</i>	June 1993	6 February 2071	2.44	105,671	15	101,703
Lot PTD 90038, Mukim of Plentong, Bandar Seri Alam, Johor	An 18-holes golf course with clubhouse and recreational facilities <i>Known as Christine Resort</i>	April 2010	Freehold	182.00	N/A	19	56,788
Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor	Land	January 1992	Freehold	34.54	N/A	N/A	9,563
Lot 1845, Mukim of Tebrau, Johor	Land	April 2003	Freehold	5.43	N/A	N/A	8,278
Lot 290, Mukim of Tebrau, Johor	Land	June 1996	Freehold	4.84	N/A	N/A	6,596
Lots 1589 and 1592, Mukim of Tebrau, Johor	Double storey office building	May 1994	Freehold	4.14	9,935	35	4,809
Lots PTD 5358 to 5379, Township and District of Johor Bahru, Johor	41 units apartments <i>Known as Pelita Indah Condominium</i>	May 1995	Freehold	Strata title	70,642	17	4,070
Lots PT 78700 and 78701, Mukim of Petaling, District of Petaling, Selangor	Land	July 2002	27 May 2097	2.37	N/A	N/A	1,035
Lot No. PT 2906, Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan	4 units apartments <i>Known as Palm Springs Apartments</i>	December 1994	Freehold	Strata title	6,372	10	373
B13-1 Block B No. 1 Lorong Utara B off Jalan Utara 46200 Petaling Jaya	1 unit apartment <i>Known as The Istara Condominium</i>	August 1996	9 March 2076	Strata title	1,313	14	109
Lot B2F-19a, Megan Phoenix, Jalan 2/142A KM10 off Jalan Cheras 56000 Kuala Lumpur	1 unit office lot	July 1997	Freehold	Strata title	1,479	12	78

# Statistics of Shareholdings

As at 7 May 2012

## SHARE CAPITAL

Authorised share capital	RM1,000,000,000
Issued and fully paid-up share capital	RM361,742,241
Adjusted issued and fully paid-up share capital	RM342,946,141*
Class of shares	Ordinary share of RM1 each
Voting rights	1 vote per share

\* after deducting 18,796,100 treasury shares pursuant to section 67A of the Companies Act, 1965

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	724	5.12	32,021	0.01
100 - 1,000	4,046	28.60	2,845,793	0.83
1,001 - 10,000	7,555	53.40	28,568,538	8.33
10,001 - 100,000	1,627	11.50	49,203,332	14.35
100,001 - 17,147,306 (*)	193	1.36	124,625,540	36.34
17,147,307 & above (**)	2	0.02	137,670,917	40.14
Total	14,147	100.00	342,946,141	100.00

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 7 MAY 2012

(as shown in the Register of Substantial Shareholders)

Name	No. of Shares (Direct)	No. of Shares (Indirect)	%
1. DATO' YAP SING HOCK	108,131,117	3,821,250	32.64
2. LIM WAN SING	31,024,200	-	9.05



## LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 7 MAY 2012

Name	No. of Shares	%
1. HDM NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (M09)	106,646,717	31.10
2. HDM NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Lim Wan Sing (M09)	31,024,200	9.05
3. HDM NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Wong Chin Hee (M09)	10,024,700	2.92
4. LEE YEOW CHEN	9,732,400	2.84
5. TA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chan Wah Long	9,274,000	2.70
6. LIANG TEH HAI	6,262,100	1.82
7. HSBC NOMINEES (ASING) SDN. BHD. Exempt An for Credit Suisse (SG BR-TST-ASING)	5,700,000	1.66
8. HSBC NOMINEES (ASING) SDN. BHD. Exempt An for BSI SA (BSI BK SG-NR)	4,500,000	1.31
9. LIANG TEH HAI	2,805,000	0.82
10. ONN KOK PUAY (WENG GUOPEI)	2,768,600	0.81
11. CITIGROUP NOMINEES (ASING) SDN. BHD. Exempt An for OCBC Securities Private Limited (Client A/C-NR)	2,735,368	0.80
12. SIVASH HOLDINGS BERHAD	2,500,000	0.73
13. CIMSEC NOMINEES (ASING) SDN. BHD. Exempt An for CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	2,195,137	0.64
14. TASEC NOMINEES (TEMPATAN) SDN. BHD. TA First Credit Sdn. Bhd. for Chan Wah Long	2,177,000	0.63
15. HSBC NOMINEES (TEMPATAN) SDN. BHD. BSI SA for Ong Yoong Nyock	2,000,000	0.58

Name	No. of Shares	%
16. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ong Yoong Nyock (8039533)	1,843,000	0.54
17. CHUA BOON CHIEN	1,650,000	0.48
18. LIM SENG CHEE	1,630,400	0.48
19. MERCSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for TNTT Realty Sdn. Bhd.	1,563,900	0.46
20. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ong Yoong Nyock (100583)	1,508,900	0.44
21. LOW AH LIN	1,500,000	0.44
22. YAP TSE YEENG CHRISTINE	1,500,000	0.44
23. YAP SING HOCK	1,484,400	0.43
24. LEONG SOCK MOOI	1,328,450	0.39
25. AGNES YAP TSE EE	1,321,250	0.39
26. M CHAREON SAE TANG @ TAN WHYE AUN	1,300,400	0.38
27. G-INSTITUTE OF REAL ESTATE SDN. BHD.	1,200,000	0.35
28. HLG NOMINEE (ASING) SDN. BHD. Exempt An for UOB Kay Hian Pte. Ltd. (A/C Clients)	1,155,525	0.33
29. CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Ng Ee Chiat (M68041)	1,095,000	0.32
30. LEE YOW YEEN	1,010,000	0.29
<b>Total</b>	<b>221,436,447</b>	<b>64.57</b>



Cheong Marn Seng  
39 Jalan BU12/8  
Bandar Utama  
47800 Petaling Jaya  
Selangor

14 May 2012

The Board of Directors  
Lien Hoe Corporation Bhd  
3<sup>rd</sup> Floor, Plaza Armada  
Lot 6, Lorong Utara C  
Section 52  
46200 Petaling Jaya

Dear Sirs,

**NOTICE OF NOMINATION OF MESSRS UHY AS AUDITORS**

I, being a shareholder of Lien Hoe Corporation Berhad hereby give notice pursuant to Section 172 (11) of the Companies Act, 1965 of my intention to nominate Messrs UHY, Chartered Accountants for appointment as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young and of my intention to propose the following resolution at the forthcoming annual general meeting of the Company:-

“THAT Messrs UHY be and are hereby appointed as Auditors of the Company for the financial year ending 31 December 2012, in place of the retiring Auditors, Messrs Ernst & Young and to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors.”

Thank you.

Yours faithfully,

CHEONG MARN SENG

## APPENDIX 2

### DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (“PROPOSED AMENDMENTS”)

The Company has on 2 May 2012 announced that it intends to seek its shareholders approval to amend its Articles of Association to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Bhd. Set out below are the details of the proposed amendments.

Article No.	Existing Article	Proposed New Article
61A	New Article	<p>Definition:- Qualification and rights of proxy to speak</p> <p>A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.</p> <p>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.</p>
71A	<p>Definition:- Appointment of at least one proxy</p> <p>Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.</p>	<p>Definition:- Appointment of multiple proxies</p> <p>Where a member of the Company is an exempt authorized 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 authorized nominee may appoint in respect of each omnibus account it holds.</p> <p>An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.</p>





# LIEN HOE CORPORATION BERHAD

(Company No: 8507-X)

(Incorporated in Malaysia under the Companies Act, 1965)

No. of shares held:	
CDS account no.:	

## FORM OF PROXY

I/We.....  
of.....  
being a member(s) of LIEN HOE CORPORATION BERHAD hereby appoint the Chairman of the meeting,  
or.....  
of.....  
or failing him/her .....  
of.....  
as my/our Proxy to vote for me/us/ on my/our behalf at the 42nd Annual General Meeting of the Company to be held at Golfer Terrace, Christine Resort, Persiaran Seri Alam, Bandar Seri Alam, 81750 Masai, Johor Darul Takzim on Tuesday, 26 June 2012 at 11.00 a.m.

My / our proxy is to vote as indicated below :

NO.	RESOLUTIONS	FOR	AGAINST
1.	To lay the Audited Financial Statements for the year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon.		
2.	To approve the payment of Directors' Fees.		
3.	To re-elect Dato' Yap Sing Hock as Director of the Company.		
4.	To re-elect Dato' Tea Choo Keng as Director of the Company.		
5.	To approve the appointment of Messrs UHY as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young and to authorised the Directors to determine their remuneration.		
6.	To approve Ordinary Resolution 1 pursuant to Section 132 (D) of the Companies Act, 1965.		
7.	To approve Ordinary Resolution 2 pursuant to proposed renewal of shareholders' approval for share buy-back.		
8.	To approve Special Resolution on proposed amendments to the Articles of Association of the Company.		

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Dated:-

Signature /Common Seal of Shareholder(s)

### NOTES:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. In the case of a corporate member, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account the authorised nominee holds with ordinary shares of the Company standing to the credit of the securities account.
4. The form of proxy must be deposited at the registered office of the Company at 3rd Floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, not later than 48 hours before the time stipulated for holding of the meeting or any adjournment thereof.
5. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositor as at 18 June 2012 ("Record of Depositor") and only a depositor whose name appears on the Record of Depositor shall be entitled to attend this meeting.