MULPHA INTERNATIONAL BHD

Bayou Water Village,
Leisure Farm Resort, Johor

ANNUAL REPORT 2012

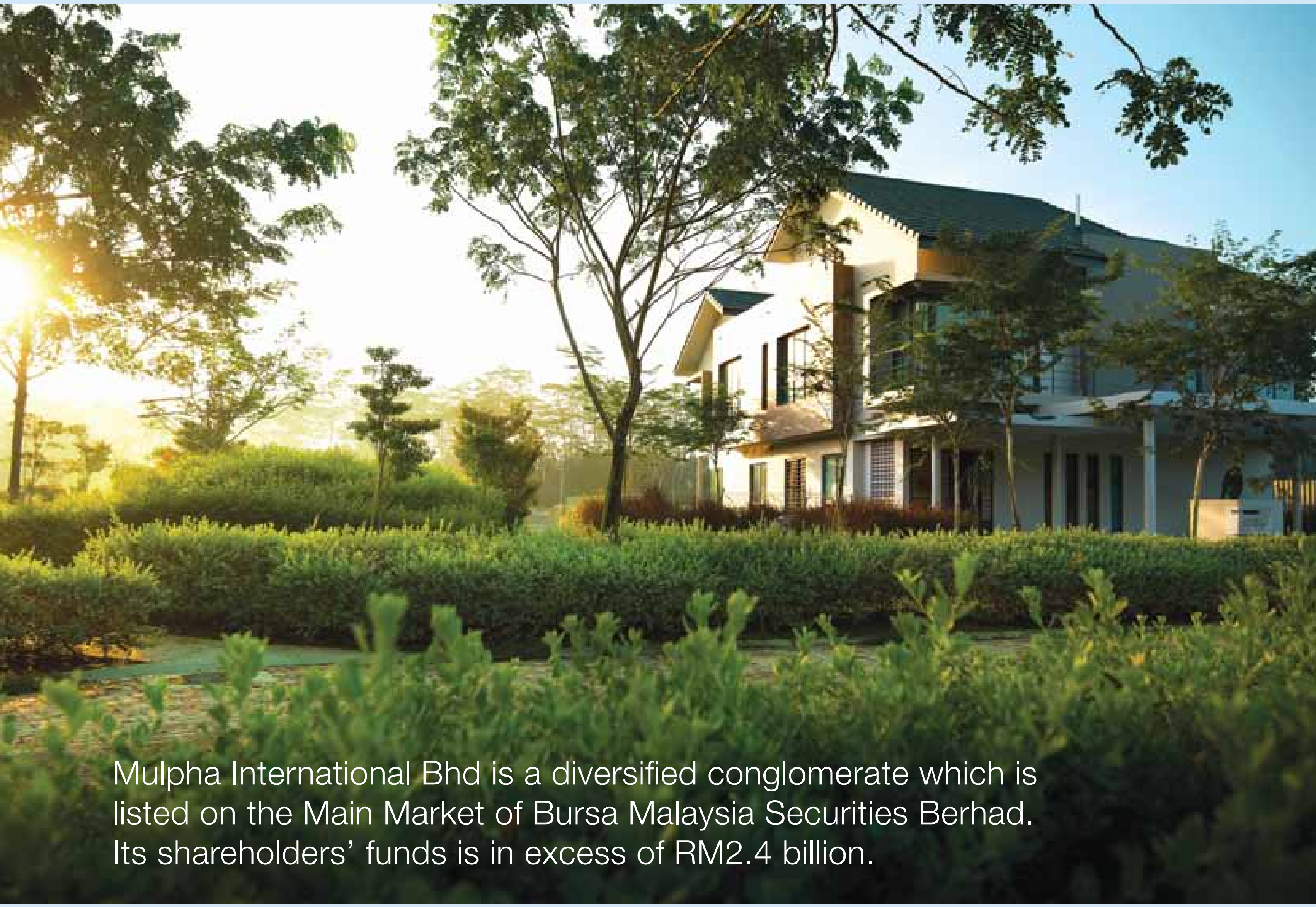
"The Group continues to review its capital management requirements in order to maintain an optimum level of balance sheet flexibility while continuing to pursue long-term value creation for its unique set of assets across the region".

Lee Seng Huang, Executive Chairman,
Mulpha International Bhd

The canal at Bayou Creek Canal Residence, Leisure Farm Resort, Malaysia

CONTENTS

CORPORATE **PROFILE**



Mulpha International Bhd is a diversified conglomerate which is listed on the Main Market of Bursa Malaysia Securities Berhad. Its shareholders' funds is in excess of RM2.4 billion.

Hayman Pool, a place where guests can relax and unwind

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

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

CORPORATE INFORMATION

Bayou Creek, a mixture of bungalows and semi-detached homes

BOARD OF DIRECTORS

Non-Independent Executive Chairman
Lee Seng Huang

Non-Independent Executive Director
Law Chin Wat

Non-Independent Non-Executive Directors
Chung Tze Hien
Dato' Robert Chan Woot Khoon

Independent Non-Executive Directors
Kong Wah Sang
Chew Hoy Ping
Dato' Lim Say Chong
Dato' Yusli Bin Mohamed Yusoff
Loong Caesar

AUDIT COMMITTEE

Chew Hoy Ping *(Chairman)*
Kong Wah Sang
Dato' Lim Say Chong

NOMINATION COMMITTEE

Dato' Robert Chan Woot Khoon *(Chairman)*
Kong Wah Sang
Chew Hoy Ping

REMUNERATION COMMITTEE

Kong Wah Sang *(Chairman)*
Dato' Robert Chan Woot Khoon
Chung Tze Hien

COMPANY SECRETARIES

Lee Eng Leong (MIA 7313)
Lee Suan Choo (MAICSA 7017562)

REGISTERED OFFICE

PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara, 47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7718 6288
Fax No : (603) 7718 6363

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7841 8000
Fax No : (603) 7841 8008

AUDITORS

KPMG
Chartered Accountants

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : MULPHA
Stock Code : 3905

WEBSITE ADDRESS

www.mulpha.com.my

INVESTOR RELATIONS

Email : *irmulpha@mulpha.com.my*
Tel No : (603) 7718 6266 /
(603) 7718 6391 /
(603) 7718 6392

AWARDS & ACHIEVEMENTS 2012

LEISURE FARM RESORT, JOHOR, MALAYSIA

Malaysia 2012 FIABCI Prix d'Excellence – Best Residential (Low Rise) Category

Bayou Water Village in Malaysia

SANCTUARY COVE, AUSTRALIA

2012 - 5 Anchor Gold Awards by Marine Industry Association of Australia

HAYMAN, AUSTRALIA

Luxury Travel & Style Magazine Gold List
Best Australian Resort

Luxury Travel & Style Magazine Gold List
Best Australian Family Resort

World Travel Awards
Australasia's Leading Family Resort

Trip Advisor Survey
Top 10 Hotel Spas in the South Pacific

Travel + Leisure US
World's Best Awards – Top Lodges and Resorts in Australia, New Zealand and South Pacific

Tatler UK
Top 101 Hotels in the world

BIMBADGEN WINERY, AUSTRALIA

2012 Sydney Royal Wine Show
GOLD – Bimbadgen Estate 2011 Semillon
GOLD – Bimbadgen Estate 2011 Chardonnay

2012 Royal Queensland Wine Show
SILVER – Bimbadgen Regions 2011 Pinot Noir
SILVER – Bimbadgen Signature 2011 Hunter Valley Semillon

2012 New World Wine Awards
SILVER – Bimbadgen Ridge 2009 Semillon Verdelho Chardonnay

2012 Cowra Wine Show
SILVER – Bimbadgen Estate 2012 Semillon
SILVER – Bimbadgen Regions 2010 Botrytis Semillon

2012 New Zealand International Wine Show
GOLD – Bimbadgen Estate 2011 Chardonnay

2012 124th Annual Rutherglen Wine Show
GOLD – Bimbadgen Regions 2012 Sauvignon Blanc

International Sweet Wine Challenge
SILVER – Bimbadgen Regions 2010 Botrytis Semillon

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

28 MAY 2012
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2012

28 AUGUST 2012
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2012

22 NOVEMBER 2012
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2012

27 FEBRUARY 2013
Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2012

ANNUAL REPORT & ANNUAL GENERAL MEETING

31 MAY 2013
Notice of 39th Annual General Meeting and issuance of Annual Report 2012

25 JUNE 2013
39th Annual General Meeting

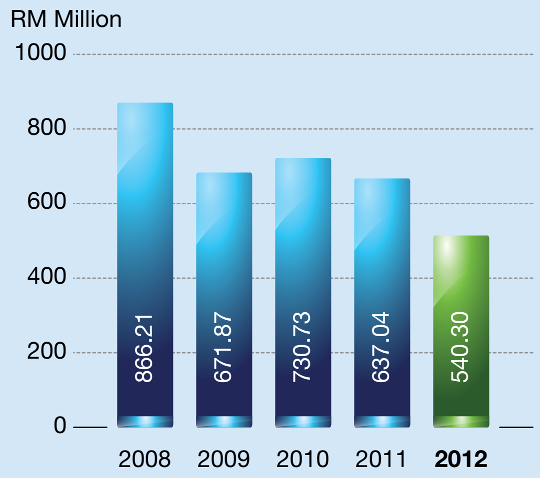
Annual Boat Show event at Sanctuary Cove

GROUP'S 5-YEAR
FINANCIAL HIGHLIGHTS

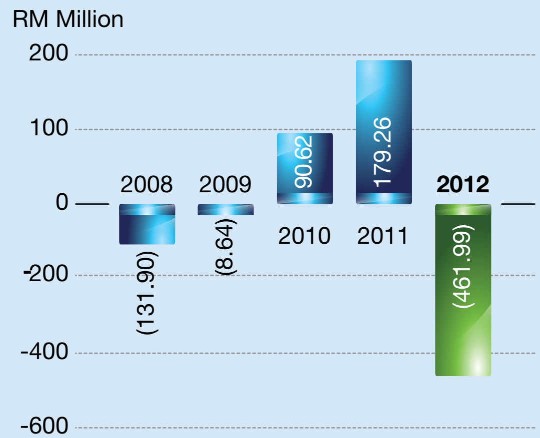
	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Non-Current Assets	2,922,191	3,409,079	3,374,900	3,404,149	2,717,543
Current Assets	1,130,003	1,171,933	1,138,704	745,558	918,482
Total Assets	4,052,194	4,581,012	4,513,604	4,149,707	3,636,025
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	1,177,957	1,177,957	1,177,957	588,978	627,485
Reserves	1,309,329	1,826,939	1,639,197	1,603,340	1,273,266
Equity attributable to Equity Holders of the Company	2,487,286	3,004,896	2,817,154	2,192,318	1,900,751
Non-Controlling Interests	34,926	98,957	97,516	48,207	160,751
Total Equity	2,522,212	3,103,853	2,914,670	2,240,525	2,061,502
Liabilities					
Non-Current Liabilities	843,056	304,429	1,165,716	312,238	1,053,057
Current Liabilities	686,926	1,172,730	433,218	1,596,944	521,466
Total Liabilities	1,529,982	1,477,159	1,598,934	1,909,182	1,574,523
Total Equity and Liabilities	4,052,194	4,581,012	4,513,604	4,149,707	3,636,025
GROUP RESULTS					
(Loss)/Profit before Taxation	(461,987)	179,255	90,615	(8,640)	(131,898)
Taxation	(11,868)	(3,074)	21,898	19,103	20,549
(Loss)/Profit after Taxation	(473,855)	176,181	112,513	10,463	(111,349)
Non-Controlling Interests	(1,108)	2,745	(412)	(20,192)	(10,366)
Net (Loss)/Profit	(474,963)	178,926	112,101	(9,729)	(121,715)
SELECTED RATIOS					
(Loss)/Earnings per 50 sen share (sen)	(20.84)	7.67	5.32	(0.76)	(10.22)
Net Tangible Assets per share (RM)	1.13	1.30	1.19	1.85	1.60

GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

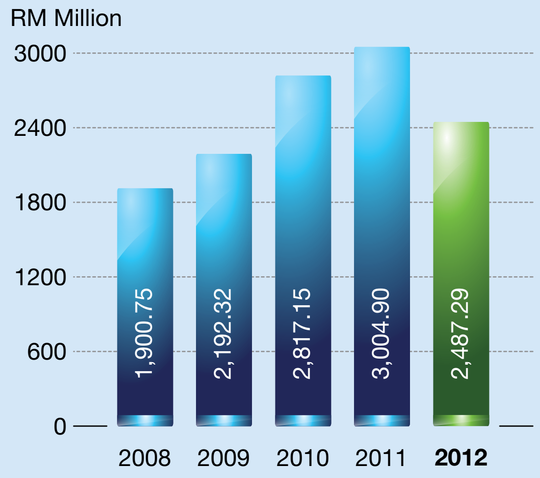
REVENUE



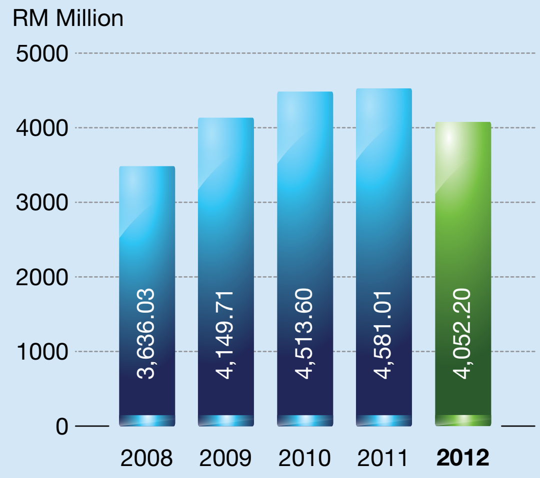
PROFIT/(LOSS) BEFORE TAX



SHAREHOLDERS' FUNDS



TOTAL ASSETS



Where Design And Nature Meet

The Tristania precinct at Sanctuary Cove boasts one of the most well planned waterfront homes in Australia. Masterfully crafted by Gold Coast designer Jared Poole, this prestigious residential enclave is the epitome of how location and nature can work together to fully enhance the lifestyle of its residents.

PROFILE OF
BOARD OF DIRECTORS

Lee Seng Huang

Non-Independent Executive Chairman
Malaysian

Mr Lee, aged 38, was educated in University of Sydney, Australia and has wide ranging financial services and real estate investment experience in the Asian region. He has previously served in various capacities on the Board of Lippo Limited and Lippo China Resources Limited in Hong Kong, Auric Pacific Group Limited in Singapore and Export and Industry Bank, Inc. in Philippines.

Mr Lee is currently the Group Executive Chairman of Sun Hung Kai & Co. Ltd. Listed in Hong Kong, Sun Hung Kai & Co. Ltd is the leading non-bank financial institution in Hong Kong. He is also the Chairman of FKP Property Group, a leading property developer listed on the Australian Securities Exchange. In addition, he is a Non-Executive Director of Mudajaya Group Berhad, a company listed on Bursa Malaysia Securities Berhad.

Mr Lee was appointed to the Board as Executive Chairman on 15 December 2003.

He has no directorships in other public companies in Malaysia apart from Mudajaya Group Berhad.

Law Chin Wat

Non-Independent Executive Director
Malaysian

Mr Law, aged 61, graduated with a Master of Business Administration (MBA) Degree from University of East Asia, Macau in 1986. He has previously held directorships and has been involved in many local and overseas companies, dealing in varied businesses including property development and construction, timber, portfolio investments and trading. Prior to this, he has held senior financial management positions in public listed companies after having worked and gained broad experience in finance, auditing and taxation in a major international accounting firm for several years. Currently, he is also a Director of 2 public companies in Singapore and Hong Kong.

Mr Law was appointed to the Board as Executive Director on 11 September 2000 and he also serves as Chairman of the Risk Management Committee.

He has no directorships in other public companies in Malaysia.

Chung Tze Hien

Non-Independent Non-Executive Director
Malaysian

Mr Chung, aged 62, graduated with a Commerce Degree from University of Otago, New Zealand and later qualified as an Associate Member of the Institute of Chartered Accountants of New Zealand, and Institute of Chartered Secretaries and Administrators of United Kingdom.

Mr Chung was appointed as the Chief Executive Officer and Director of the Company on 27 February 2001 and held the position for almost 12 years until his retirement on 31 January 2013. He was subsequently redesignated as Non-Independent Non-Executive Director on 1 February 2013. Prior to joining the Company, Mr Chung worked for and held senior managerial positions in several public listed companies in Hong Kong, Singapore and Malaysia involving a variety of industries and businesses.

Mr Chung serves as a member of the Remuneration Committee.

He has no directorships in other public companies.

PROFILE OF
BOARD OF DIRECTORS

Dato' Robert Chan Woot Khoon

Non-Independent Non-Executive Director
Malaysian

Dato' Robert Chan, aged 74, was the founder of the Palmco Group of Companies and he was its Chief Executive Officer from 1971 to 1992 and Executive Director from 1992 to 1995. He has been an office bearer in various palm oil related statutory bodies and associations and was the Ex-President and Advisor to the Penang Chinese Chamber of Commerce.

Dato' Robert Chan was appointed to the Board on 7 July 1997 and he also serves as Chairman of the Nomination Committee as well as a member of the Remuneration Committee.

He has no directorships in other public companies apart from Unico Holdings Bhd.

Kong Wah Sang

Independent Non-Executive Director
Malaysian

Mr Kong, aged 54, graduated with a Bachelor of Economics Degree from Monash University in Melbourne, Australia and is a member of CPA Australia. He has broad experience in accounting, finance, management consulting and information technology. He is presently a Director of a management consulting firm.

Mr Kong was appointed to the Board on 21 November 2002 and he also serves as Chairman of the Remuneration Committee as well as a member of the Audit and Nomination Committees.

He has no directorships in other public companies.

Chew Hoy Ping

Independent Non-Executive Director
Malaysian

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

Mr Chew was appointed to the Board on 16 May 2007 and he also serves as Chairman of the Audit Committee as well as a member of the Nomination Committee.

He has no directorships in other public companies.

Dato' Lim Say Chong

Independent Non-Executive Director
Malaysian

Dato' Lim, aged 72, obtained a Bachelor of Arts with honours in Economics from University of Malaya and a Masters in Business Administration from University of British Columbia, Canada. He also attended an Advanced Management Programme at Harvard Business School, Boston, USA.

Dato' Lim worked with the Imperial Chemical Industries (ICI) PLC's Group of Companies in Malaysia and abroad for 30 years, during which time he served on the Board of several companies within the Group in Malaysia and South East Asia. He later became the Managing Director of ICI (Malaysia) Group for 5 years. He was also the Group Managing Director of Chemical Company of Malaysia Bhd from 1989 to 2004.

Dato' Lim was appointed to the Board on 6 August 2007 and he also serves as a member of the Audit Committee.

His directorships in other public companies are Carlsberg Brewery Malaysia Bhd and Malaysian Carbide Industries Berhad.

Dato' Yusli Bin Mohamed Yusoff

Independent Non-Executive Director
Malaysian

Dato' Yusli, aged 54, graduated with a Bachelor of Economics Degree from University of Essex, England and is a member of the Institute of Chartered Accountants in England & Wales, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career with Peat Marwick Mitchell & Co in London and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering, merchant banking and stockbroking. He was the Chief Executive Officer and Executive Director of Bursa Malaysia Berhad from 10 April 2004 to 31 March 2011.

Dato' Yusli was appointed to the Board on 13 July 2011.

His directorships in other public companies are Mudajaya Group Berhad, YTL Power International Berhad, Asian Institute of Finance Berhad, Pelaburan MARA Berhad, Australasia Resources & Minerals Berhad and AirAsia X Berhad.

Loong Caesar

Independent Non-Executive Director
Malaysian

Mr Loong, aged 53, was trained at Raffles Institution, Singapore, London School of Economics and Political Science (LSE) and Caius College, Cambridge University. He was admitted as a Barrister of the Middle Temple, London in 1983 and as an Advocate & Solicitor of the High Court of Malaya in 1985. In 1994, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore.

Mr Loong is a Senior Advocate and Solicitor practicing at Raslan Loong. He is a corporate and commercial lawyer with extensive experience in all areas of corporate and commercial law including mergers and acquisitions, investment funds, capital markets, securities, listings, public offerings, corporate banking, structured finance, power and corporate restructuring. He is a member of the EU-Malaysia Chamber of Commerce and Industry (EUMCCI), Malaysia-Australia Business Council (MABC), Kuala Lumpur Business Club (KLBC) and Pacific Basin Economic Council (PBEC). He is the legal adviser and trustee of the Worldwide Fund for Nature (WWF) and Malaysian Youth Orchestra Foundation.

Mr Loong was appointed to the Board on 13 July 2011.

He has no directorships in other public companies.

PROFILE OF
BOARD OF DIRECTORS

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**

   Mr Lee Seng Huang, the Executive Chairman and major shareholder of the Company, is the son of Madam Yong Pit Chin, a major shareholder of the Company.

   Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of the Company.

2. **Conflict of Interest**

   None of the Directors has any conflict of interest with the Company.

3. **Conviction for Offences**

   None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

4. **Attendance of Board Meetings**

   The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2012 is disclosed in the Statement on Corporate Governance.

Bella Vista Waters, a housing development surrounding the Norwest Business Park

Choose from 15 different restaurants in Marine Village Sanctuary Cove for your dining pleasure

Committed Towards Sustainable Living

Enclave Bangsar is the perfect exemplification of Mulpha's ongoing commitment towards achieving sustainable living. Recognised by CONQUAS Singapore for excellent workmanship, this modern and environment-friendly residential development has now been certified by the Green Building Index (GBI).

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS

In 2012, the global economy faced continued headwinds with the ongoing European debt crisis, the slow recovery in the U.S. economy, and the economic slowdown in major emerging economies such as China. Malaysia continued to perform relatively well with GDP growth of 5.6% which together with the strong interest shown in Iskandar Malaysia, enabled the Group's Malaysian operations to perform strongly. In contrast, the Australian property prices were mixed and this had a continued drag on the valuations of some of the Group's assets in Australia.

Faced with tough operating conditions in Australia, the Group generated revenue of RM540.28 million and pre-tax loss of RM501.98 million in 2012, significantly lower than the RM637.04 million revenue and pre-tax profit of RM171.65 million generated in 2011. The lower revenue reflected persistent challenging conditions in Australia, whilst the pre-tax loss in 2012 was primarily due to provisions for fair value adjustments which are unrealised and non-cash in nature, including an impairment of RM116.64 million provided for the Group's resort & development properties in Queensland and an equity share of losses of RM327.14 million in the Group's associate company, FKP Property Group.

Menara Mudajaya, the new business address of Mulpha

Although the Group's Net Tangible Assets (NTA) dropped from RM1.30 per share to RM1.13 per share due to the large provisions, the Group's total assets remained strong at RM4.05 billion as at the end of 2012. Meanwhile, the Group continued with its share buyback program in 2012 in view of the persistent trading discount of its shares relative to its NTA. As at 25 April 2013, 188,602,700 shares or approximately 8.01% of the total number of issued shares have been repurchased at an average price of approximately RM0.41 per share and the Group intends to continue with the share buyback program as long as its shares continue to trade a steep discount to its NTA. The Board of Directors will once again seek your approval at the forthcoming annual general meeting to renew the mandate to repurchase up to 10% of the Company's issued shares for another year.

REVIEW OF OPERATIONS

MALAYSIA

New Headquarters

On 17 April 2013, the Group moved its headquarters to Menara Mudajaya, a recently completed high rise office building in Mutiara Damansara, Petaling Jaya, developed by the Group's associate company, Mudajaya Group Berhad. This brand new state of the art Group headquarters has been designed with an open plan work environment in order to promote a healthy lifestyle and closer working environment which will enable the staff to maximise their productivity.

Leisure Farm

In 2012, Leisure Farm achieved total locked in sales of RM101 million as compared to RM74.7 million the previous year. The higher sales value was achieved mainly due to

Each detached villa in Bayou Creek fronts a canal

strong demand for Leisure Farm's Precinct 7A Bayou Creek canal fronting detached villas and garden fronting semi-detached villas.

In order to maximise asset prices and ensure build quality, Leisure Farm adopted the strategy of limiting sales of bungalow land and instead focused on the increasingly popular "build then sell" concept. Prospective buyers are shown the quality and potential of finished homes at Leisure Farm. This strategy has been very well received as buyers do not have to go through the hassles of furnishing the units.

It should be noted that Leisure Farm has set a new pricing and branding benchmark in Iskandar Malaysia after the steady increase in prices of between 20-40% over the last 9 months as demand surged in the vicinity. Due to the limited supply of bungalow land in Iskandar Malaysia and the extensive support of the Malaysian government in further developing the area, it is expected that the uptrend in prices will continue in the foreseeable future. This is further supported by the recent additional restrictive measures imposed by the Singaporean government in order to curb speculative purchases of property in Singapore which have led to more Singaporean and other foreign investors investing in Iskandar Malaysia.

Leisure Farm continued to accumulate a string of awards when it won its 7th FIABCI award with Bayou Water Village being adjudged the winner of the prestigious World's Best Low Rise Residential category at the International Prix d Excellence Award 2012 despite strong competition from many other entries from all over the world. Bayou Water Village's resale value has exponentially appreciated in the range of 80% to 120% since launch.

Leisure Farm also received an award from Telekom Malaysia in 2012 as the first property development in Iskandar Malaysia to be High Speed Broad Band enabled.

In order to further enhance Leisure Farm, efforts will be made towards achieving the Green Building Index (GBI) green township certification. This initiative is also sown in Precinct 7A Bayou Creek with the introduction of Sustainability, Energy, Environment, Design and Security (SEEDS) principles. With Precinct 7A having achieved 100% take up rate earlier than anticipated, Precinct 7B is now expected to be launched in mid-2013 with a 30% to 40% increase in price and pre-sale registrations are already indicating that it will be just as successful as Precinct 7A Bayou Creek.

Enclave Bangsar

The Group's Enclave Bangsar development of 7 luxurious 3-storey bungalows, situated in the prime and exclusive locality of Bangsar, Kuala Lumpur, was completed in December 2012. With a price tag in excess of RM13 million each, these Green Building Index (GBI) certified bungalows are targeted at a very elite segment of the market. Having achieved considerable success with the take up of 3 bungalows, it is anticipated that the remaining units will be progressively sold and the gains realised will be redeployed to other new projects.

Section 13 Land

The Group's 2.0 acre land in Jalan Semangat, Section 13, Petaling Jaya, which previously housed its headquarters, will be redeveloped into a mixed commercial development consisting of serviced residences and a hotel. The development will feature approximately 200 units of serviced residences and 250 units of hotel rooms and will be GBI certified with a high utilisation of landscaping, courtyards and open spaces to characterise this new landmark building in Petaling Jaya.

The development is currently at the planning stage and development plan approvals are estimated to be secured by the 2nd Quarter of 2014 with a development period of 3 years.

Mudajaya Group Berhad

Mudajaya Group Berhad is a 22.12% associate of the Group that is listed on Bursa Malaysia and is focused on power, infrastructure and construction. In 2012, Mudajaya contributed a share of profit of RM52.4 million to the Group, slightly higher compared to RM50.8 million in 2011. Mudajaya has been actively securing new construction contracts in 2012 including the following significant contracts:

- Design and construction of civil structure works for a 1,000 MW Coal-Fired Power Plant at Tanjung Bin, Johor Darul Takzim;
- Construction and completion of Projek Mass Rapid Transit Lembah Kelang Package V3 from Dataran Sunway Station to Section 17;
- Construction and completion of the entrance/ exit road from Projek Lebuhraya Utara Selatan (TPPT) to the construction site at Kampung Sungai Serai, Mukim Rawang; and
- Construction and completion of a Tune Hotel at the KLIA II.

In the meantime, its 4 x 360 MW Coal fired power plant project in Chhattisgarh, India in which it holds a 26% stake is progressing well. In 2012, Mudajaya won the following awards under the Construction Sector, from The Edge Billion Ringgit Club – Corporate Awards 2012:-

- Highest Growth in Profit Before Tax over 3 years;
- Highest Returns to Shareholders over 3 years; and
- Highest Return on Equity over 3 years.

Mudajaya, an associate of Mulpha is involved in power, infrastructure and construction

In addition, 'Forbes Asia's Best Under a Billion' again selected Mudajaya as one of the 14 Malaysian firms out of 15,000 listed Asia-Pacific companies in 2012.

AUSTRALIA

Sanctuary Cove

Sanctuary Cove continued to perform steadily in 2012 and maintained its retail sales prices due to the quality of the estate and its strong branding. 2012 also marked the year that Sanctuary Cove re-offered exclusive completed homes for the first time in over eight years. This was due to market demands and more buyers arriving from overseas. Sanctuary Cove continues to grow its sales numbers into the international marketplace as it holds certain foreign investment advantages approved by the Australian Government at the outset of the project and offers a lifestyle highly appealing to any prestige purchaser.

The Sanctuary Cove Marine Village also outperformed other local commercial precincts and by the end of 2012 had virtually 100% occupancy in its commercial space and over 90% in its retail space. The Marine Village has a strong tradition of being a popular tourist destination and as a local destination for its residents. Additions to the Marine Village in 2012 included a new sports bar and restaurant and another new upmarket restaurant that has seen great success and has been extended to include a fine food grocery outlet.

Hotels

In 2012, the Group's hotel division continued to endure a dynamic tourism environment in both the corporate and leisure sectors.

The InterContinental Sydney's occupancy remained on par with 2011 despite the re-opening of The Star Casino in Sydney in the second half of 2011 and the Park Hyatt Sydney in 2012. The exchange rate remains the biggest concern facing the industry.

Hyatt's management of Sanctuary Cove's 247-room resort hotel ended on 5 December 2012, and was replaced by InterContinental Hotels Group (IHG) leading to the hotel being rebranded the InterContinental Sanctuary Cove Resort. It is the second Australian property managed for Mulpha by IHG with InterContinental Sydney having joined the Mulpha portfolio of property and lifestyle investments in 2004.

Our Hayman Great Barrier Reef Resort is adapting to the changing tourism environment and is planning to undertake an AUD50 million refurbishment program in order to elevate this unique world class resort to a new benchmark for luxury.

The Hayman Private Residences nestled in the peaceful natural environment that abounds the eastern hillside of the island offering breathtaking views of the Coral Sea, are some of the most spectacular houses ever developed in Australia. Residence number two was recently completed and delivered to its new owners in April 2013.

Norwest Land

Norwest is developed by Mulpha FKP Pty Limited, which is a 50:50 joint venture between the Mulpha Group and FKP Property Group. In addition to the masterplanned community of Bella Vista, which comprises 1,400 residential blocks, Norwest Land has developed one of Australia's largest business parks, Norwest Business Park, and is currently developing 600 home sites at Mulgoa Rise in Western Sydney and over 400 medium density dwellings at The Lakes in the Hills District.

FKP Property Group

FKP Property Group is a 26.22% associate of the Group. In 2012, the Group recognised an equity share of losses of AUD101.9 million from FKP, compared to an equity share of profit of AUD10.4 million in 2011. Whilst FKP continued to register an underlying profit over the period, it made a statutory loss largely due to a write down in the fair value of its retirement portfolio.

The view of Eastern Lawn on Hayman Island

CHAIRMAN'S STATEMENT

Panoramic view showcasing Vietnam's landscape from Indochine Park Tower

Mulpha is the largest securityholder of FKP, an S&P/ASX 200 company and one of Australia's leading retirement, property development and diversified investment groups. FKP has over 30 years' experience in providing superior products and services in the retirement, residential and commercial property sectors. With over AUD3.5 billion of assets under management across a diversified property portfolio. FKP's innovative responses to market trends are guided by an unparalleled range and depth of experience in site selection, design and project management. Under the Aveo brand, FKP is a leading owner and operator of retirement villages with 75 villages, comprising approximately 10,000 units in prime locations around Australia. FKP's scale in the retirement sector offers senior Australians unrivalled access to the full range of lifestyle choices whilst providing the highest quality of service to over 12,000 residents.

VIETNAM

Indochine Park Tower

Indochine Park Tower is an 18 storey exclusive serviced residences building located in District 3 of Ho Chi Minh City and is 70% owned by the Group. It comprises of 55 fully serviced luxurious 3 bedroom apartments and penthouses ranging from 128 to 249 square metres each. Its occupancy rates which have been hovering around 90% to 95% over the past few years dropped slightly in the second half of 2012 due to increased competition brought about by some developers converting their projects into serviced apartments as they struggled to sell apartments. In August 2012, Knight Frank Vietnam was appointed as property manager for a period of 2 years, in replacement of Savills.

CORPORATE DEVELOPMENTS

Disposal of Manta Holdings Company Limited

On 23 February 2012, the Group disposed of its 75% owned subsidiary, Manta Holdings Company Limited ("Manta"), for a cash consideration of HK$285 million in line with the strategy of streamlining the businesses and operations of the Group. Manta is listed on the Hong Kong Stock Exchange and is involved in the rental, sales and servicing of the market leading 'Potain' brand of tower cranes.

FKP Property Group Entitlement Offer

In September 2012, FKP undertook an underwritten 6 for 7 accelerated non-renounceable pro-rata entitlement offer ("Entitlement Offer") of new fully paid ordinary stapled securities ("New Stapled Securities") to raise approximately AUD208 million. MIB subscribed to its full entitlement under the Entitlement Offer, which amounted to 272,439,913 New Stapled Securities at the offer price of AUD0.20 each for a total cash consideration of AUD54.49 million. After the completion of the Entitlement Offer, the Group held 590,286,480 FKP Stapled Securities or 26.22% interest in the enlarged FKP issued Stapled Securities. Subsequently in December 2012, FKP underwent a Stapled Security consolidation exercise on a 7 for 1 basis after which the Group currently holds 84,326,641 FKP Stapled Securities.

PROSPECTS

Signs of a bottoming out of the Australian property market are more evident this year and the Group is hopeful that the worst is behind us. Consequently, there should not be any further significant provisions required in 2013. In fact, the Group remains well positioned for future growth opportunities based on its strong balance sheet and prime assets located across Australia and Malaysia including Iskandar Malaysia in Johor.

APPRECIATION

Mr Chung Tze Hien retired as Chief Executive Officer of the Company on 31 January 2013 after holding the position for the last 12 years. I would like to express my gratitude for his dedication and contribution to the Group. After his retirement, Mr Chung continues to remain on the Board of Directors of the Company as a Non-Independent Non-Executive Director.

I would also like to express a warm welcome to our new Group Chief Financial Officer, Mr Lee Eng Leong who joined us on 3 October 2012. With his experience in the banking sector and with a major global corporation, I am sure he will contribute to the growth of the Group in the coming years.

I would also like to thank my colleagues for their efforts and contributions to the Group throughout the year. Their dedication and commitment together with the Group's strong balance sheet has enabled the Group to navigate through the volatility of the past few years. I would also like to thank all the Group's stakeholders for their steadfast support during the year.

LEE SENG HUANG
Executive Chairman
20 May 2013

Norwest Business Park, a joint-venture between Mulpha and FKP Property Group

STATEMENT ON
CORPORATE GOVERNANCE

The Board of Directors ("the Board") is committed to ensure that good corporate governance is practised throughout the Group with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and of the Group.

1. BOARD OF DIRECTORS

1.1 Responsibilities of the Board and Management

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

To ensure the effective discharge of its functions and responsibilities, the Board has set and approved business authority limits which set out relevant matters which the Board may delegate to the Management. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference.

1.2 Corporate Code of Conduct and Board Charter

The Board has formalised a Corporate Code of Conduct to provide guidance for Directors, senior executives and other employees regarding the standards expected of them in the conduct of business. Directors and employees are required to uphold high standards of integrity in discharging their duties and to comply with the relevant laws and regulations.

The Board Charter which sets out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication, has also been formalised. The Charter will be reviewed periodically to keep it up-to-date with changes in regulations and best practices to ensure its effectiveness and relevance to the Board's objectives.

1.3 Composition and Board Balance

The Board currently has 9 members, comprising 2 Executive Directors and 7 Non-Executive Directors. Out of the 7 Non-Executive Directors, 5 are Independent Directors.

Collectively, the Directors bring a wide range of experience in the areas of business, finance, economics, real estate investment and legal, which are relevant to the Group. The role of the Independent Directors provides independent judgment, objectivity and check and balance on the Board. A brief profile of each Director is presented on pages 9 to 12 of the Annual Report.

The Executive Chairman is primarily responsible for the vision and strategic direction of the Group as well as matters pertaining to the Board. The Executive Director is responsible for the implementation of the objectives, goals and operational matters of the Group. Although the Executive Chairman, Mr Lee Seng Huang is not an Independent Director, a majority of the Board members consists of Independent Directors.

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

1.4 Board Meetings and Supply of Information

The Board normally meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions, to which are attached sufficient information required for an informed decision.

All Directors are provided with an agenda and a set of Board papers at least a week prior to the Board meeting to enable the Directors to review and consider the items to be deliberated at the Board meeting. The Directors may seek advice from the Management, or request further explanation, information or updates on the matters of the Company, where necessary.

The Board papers include, inter alia, the progress report on the Group's developments, business plan and budget, quarterly financial results and minutes/decisions of meetings of the Board Committees.

A total of 7 Board meetings were held during the financial year ended 31 December 2012 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Seng Huang	7/7	100
Law Chin Wat	6/7	86
Chung Tze Hien	7/7	100
Dato' Robert Chan Woot Khoon	5/7	71
Kong Wah Sang	7/7	100
Chew Hoy Ping	7/7	100
Dato' Lim Say Chong	7/7	100
Dato' Yusli Bin Mohamed Yusoff	6/7	86
Loong Caesar	6/7	86

The Directors may seek independent professional advice when necessary, at the Company's expense, in the furtherance of their duties.

1.5 Time Commitment

For the financial year, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board meetings held.

The Board has implemented a protocol that Directors should notify the Chairman before accepting any new directorship. This notification should include an indication of time required to be spent on the new appointment.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Board Committees' meetings and Annual General Meeting ("AGM"), would be prepared and circulated to them at the end of every year.

1.6 Re-Appointment, Retirement by Rotation and Re-Election

The Company's Articles of Association provides that one-third of the Board is subject to retirement by rotation at each AGM. Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by

99 Macquarie Street in Sydney, the home of Mulpha Australia Limited the Board, they are subject to re-election at the next AGM following their appointment.

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a Director who is of or over the age of 70 years shall become vacant at the conclusion of the forthcoming AGM and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next AGM in accordance with Section 129(6) of the Companies Act, 1965.

The performance of those Directors who are subject to re-election and re-appointment at the AGM will be subject to assessment conducted by the Nomination Committee, whereupon the Committee's recommendations are made to the Board on the proposed re-election and re-appointment of the Directors concerned for shareholders' approval at the AGM.

1.7 Directors' Training

In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Malaysia Securities Berhad ("Bursa Securities"), Directors are also encouraged to attend seminars and training programmes organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment.

The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

1.8 Board Committees

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

(a) *Audit Committee ("AC")*

Please refer to the Audit Committee Report set out on pages 28 and 29 of the Annual Report.

(b) *Nomination Committee*

The Nomination Committee comprises exclusively of Non-Executive Directors, the majority of whom are Independent Directors. The Chairman of this Committee is Dato' Robert Chan Woot Khoon and the other members are Mr Kong Wah Sang and Mr Chew Hoy Ping.

The main responsibilities of the Nomination Committee are as follows:-

(i) to recommend new nominees to the Board and Board Committees;
(ii) to assist the Board in annually reviewing its required mix of skills, experience and other qualities of the Non-Executive Directors; and
(iii) to assess the effectiveness of the Board and Board Committees and the contribution of each Director.

The Nomination Committee met once during the financial year ended 31 December 2012 and the meeting was attended by all the Committee members.

In March 2013, a Board evaluation exercise was carried out to assess the effectiveness of individual Directors, the Board as a whole and the Board Committees. The evaluation exercise was conducted via questionnaires, which were distributed to all the Directors and cover topics which include, amongst others, the Board's structure, operations, roles and responsibilities and performance/ contribution of the Board Committees. The evaluation also encompassed Director's Self & Peer Evaluation, assessing the individual Director's contributions, quality of input and understanding of roles and responsibilities as a Director.

The Nomination Committee reviewed the outcome of the abovementioned evaluations and highlighted to the Board, areas which required further and continuous improvement.

Based on the self-assessment of independence, the Independent Directors have declared that they fulfilled the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. The Board is generally satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Mr Kong Wah Sang has served on the Board as an Independent Non-Executive Director for a cumulative term of nearly 11 years. Based on the self-assessment of independence, Mr Kong has declared that he satisfied and fulfilled all the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. Mr Kong has demonstrated that he is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. The Board, therefore, recommends for Mr Kong to continue to serve as an Independent Non-Executive Director, subject to approval of the shareholders at the AGM of the Company.

(c) *Remuneration Committee*

The Remuneration Committee currently consists of all Non-Executive Directors, with Mr Kong Wah Sang as Chairman and Dato' Robert Chan Woot Khoon and Mr Chung Tze Hien as members.

The main responsibilities of the Remuneration Committee are to recommend to the Board the following:-

(i) remuneration package of each Director; and
(ii) incentive schemes, profit sharing arrangements or the like for management or other employees.

The Remuneration Committee met once during the financial year ended 31 December 2012 and the meeting was attended by all the Committee members.

1.9 Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures as well as compliance with the relevant guidelines, regulatory and statutory requirements.

All Directors have access to the advice and services of the Company Secretary.

2. DIRECTORS' REMUNERATION

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

The Remuneration Committee recommends to the Board, the remuneration (including Directors' fees) for each Director of the Company. Directors' fees payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM.

Bayou Water Village, another award-winning development in Leisure Farm Resort

The details of the Directors' remuneration for the financial year ended 31 December 2012 are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	325
Salaries and other remuneration	1,941	-
Benefits-in-kind	107	-
Total:	2,048	325

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors	Total
RM50,000 to RM100,000	-	6	6
RM300,000 to RM350,000	1	-	1
RM600,000 to RM650,000	1	-	1
RM1,050,000 to RM1,100,000	1	-	1
Total:	3	6	9

Each unit in Bayou Creek is developed with the foundation of the SEEDS concept in mind

3. SHAREHOLDERS

3.1 Communication between the Company and Investors

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

In addition to published annual report and quarterly results announced to Bursa Securities, the Company has a website at *www.mulpha.com.my* from which investors and shareholders can access for information about the Group. Any enquiries may be directed to this email address, *irmulpha@mulpha.com.my.*

3.2 Shareholders' Meeting

General meetings represent the principal forum for dialogue and interaction with shareholders. Notices of general meetings with sufficient information of business to be dealt with thereat are published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. At the general meetings, shareholders have direct access to the Board and are encouraged to participate in the question and answer session.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

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

4.2 Internal Control and Risk Management

The Board affirms its overall responsibility for the Group's system of internal controls covering not only financial controls but also controls relating to operational, compliance and risk management. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The Statement on Risk Management & Internal Control as set out on pages 30 and 31 of the Annual Report, provides an overview of the state of internal controls and risk management within the Group.

4.3 Relationship with Auditors

Through the AC, the Board has established an appropriate relationship with the Company's auditors, both internal and external. The external auditors attended the AC meetings when necessary. The external auditors are also invited to attend the Company's AGM and are available to answer any questions from shareholders on the audited financial statements.

Raintree Residence offers 12 exclusive apartment units equipped with private lift lobbies

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

In preparing the financial statements, the Directors have:-

(i) ensured that the financial statements are in accordance with the provisions of the Companies Act, 1965, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;
(ii) adopted the appropriate accounting policies and applied them consistently; and
(iii) made judgments and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

This Corporate Governance Statement was approved by the Board of Directors on 20 May 2013.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2012.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company had on 17 May 2012, entered into a Call Option Agreement with Teladan Kuasa Sdn Bhd ("TKSB") to grant TKSB the right to require the Company to sell to TKSB up to 30 million ordinary shares of RM0.10 each in its 70.54% owned subsidiary, Mulpha Land Berhad at an exercise price of RM1.16 per share ("Call Option"). The Call Option is exerciseable at any time during the period commencing from the date falling 3 months after the date of the Call Option Agreement and ending on the day immediately preceding the 3rd anniversary of the Call Option Agreement. As at 31 December 2012, the Call Option has not been exercised.

The Company did not issue any warrants or convertible securities during the financial year ended 31 December 2012.

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

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2012.

4. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2012.

5. NON-AUDIT FEES

The non-audit fees paid/ payable to the External Auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2012 amounted to RM181,000.

6. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2012 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projection for the financial year.

7. PROFIT GUARANTEE

There was no profit guarantee received by the Company during the financial year ended 31 December 2012.

8. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2012.

9. STATEMENT BY AC IN RELATION TO ALLOCATION OF OPTIONS OR SHARES PURSUANT TO SHARE ISSUANCE SCHEME

The Company does not have any Share Issuance Scheme and as such, there was no allocation of options or shares during the financial year ended 31 December 2012.

10. SHARE BUY-BACK

The details on the share buy-back during the financial year ended 31 December 2012 are disclosed under Note 29(b) of the Notes to the Financial Statements.

Playing Host To A World-Class Event

The Sanctuary Cove International Boat Show is an annual four-day event staged at Sanctuary Cove on Australia's Gold Coast. This exhibition highlights the convergence of some of the biggest names in marine products and services. 2013 will mark the 25th anniversary of this world-renowned show.

AUDIT COMMITTEE REPORT

CONSTITUTION AND COMPOSITION

The AC was established pursuant to a resolution of the Board passed on 28 July 1994. The current members of the AC are as follows:-

1. **Chew Hoy Ping** (Chairman)
   (Independent Non-Executive Director)

2. **Kong Wah Sang**
   (Independent Non-Executive Director)

3. **Dato' Lim Say Chong**
   (Independent Non-Executive Director)

TERMS OF REFERENCE

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

1. Composition

The AC shall be appointed by the Board from amongst the Directors of the Company. The AC shall comprise not less than 3 members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors. At least one member of the AC must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by the Exchange. One of the members of the AC who is an Independent Director shall be appointed Chairman of the AC by the members of the AC.

2. Meetings and Minutes

The AC shall meet at least 4 times a year. The quorum shall be at least 2 members, the majority of whom shall be Independent Directors. The AC may request any member of the management and representatives of the external auditors to be present at meetings of the AC. Minutes of each AC meeting are to be prepared and distributed to each member of the AC and the Board. The Company Secretary or his Assistant shall be the Secretary of the AC.

3. Authority

The AC is authorised by the Board:-

(a) to investigate any activity of the Company and its subsidiaries within its terms of reference;
(b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the AC;
(c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers it necessary to do so; and
(d) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company and its subsidiaries, whenever deemed necessary.

4. Duties and Responsibilities

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

(a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal;
(b) to review with the external auditors their audit plan, scope and nature of audit;
(c) to review the quarterly and annual financial statements before submission to the Board;
(d) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures by reviewing the external auditors' management letters and management response;
(e) to hear from and discuss with the external auditors any problem and reservation arising from their interim and final audits or any other matter that the external auditors may wish to highlight;
(f) to review the internal audit programme, consider the findings of internal audit and the actions and steps taken by management in response to such findings and ensure coordination between the internal and external auditors;

Bale Club, Leisure Farm, Johor

(g) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
(h) to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures relating to such transactions are adequate;
(i) to review the process for identifying, evaluating, monitoring and managing significant risks;
(j) to undertake such other responsibilities as may be delegated by the Board from time to time; and
(k) to report to the Board its activities and findings.

MEETINGS AND ATTENDANCE

During the financial year, the AC held 7 meetings and the record of attendance of the AC is as follows:-

Name of AC Members	Number of Meetings Attended
Chew Hoy Ping	7/7
Kong Wah Sang	7/7
Dato' Lim Say Chong	7/7

The Chief Executive Officer, Head of Finance and Head of Group Internal Audit were invited to attend the meetings. The external auditors were present at 3 of the total meetings held. The AC also met with the external auditors without the presence of the executive board member and management.

ACTIVITIES OF THE AC

During the financial year, the AC carried out its activities in line with its terms of reference. In addition, the AC reviewed and recommended to the Board for approval, the Statement on Internal Control for inclusion in the Annual Report. The AC also reviewed and approved the Audit Committee Report for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function is performed in-house and undertaken by the Internal Audit Department ("IAD") of the Company, whose principal objective is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

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

(a) review and appraise the adequacy, effectiveness and reliability of internal control systems, policies and procedures;
(b) monitor the adequacy, reliability, integrity, security and timeliness of financial and other management information systems;
(c) determine the extent of compliance with relevant laws, codes, standards, regulations, policies, plans and procedures;
(d) review the efficiency and effectiveness of operations and identify risk exposure; and
(e) review and verify the means used to safeguard assets.

The costs incurred for the internal audit function for the financial year ended 31 December 2012 amounted to RM636,483.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. An industry led Task Force was established to revise the Guidance to reflect the changing regulatory environment and evolving approaches to corporate governance issues that have made disclosure an important regulatory tool. Reporting by the Board on the risk management and internal control system within the Group has become an important part of corporate governance disclosure requirements. We set out below the Statement on Risk Management & Internal Control which has been prepared in accordance with the Guidance.

RESPONSIBILITY

The Board affirms its responsibility for maintaining a sound system of internal controls and for reviewing its adequacy and integrity. The system of internal controls, designed to safeguard shareholders' investments and the Group's assets, covers not only financial controls but also operational and compliance controls and risk management.

Such system, however, is designed to manage rather than eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

RISK MANAGEMENT

Risk management is considered by the Board as an integral part of the business operations. The risk management function is undertaken by IAD of the Company.

The Group has in place a risk management framework for identifying, evaluating, monitoring and managing risks that may affect the Group's businesses. Included in the framework is the Enterprise Risk Management policy and procedure which is based on Malaysian Standard ISO 31000:2010. The process is facilitated by IAD.

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

Alpinia, Sanctuary Cove, Australia

KEY ELEMENTS OF INTERNAL CONTROL

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

- Clearly defined delegation of responsibilities, organisation structure and appropriate authority limits have been established by the Board for the Board Committees and Management.
- Internal policies and procedures are in place, which are updated as and when necessary.
- Reporting systems are in place, which generate financial and other reports for the Board and Management. Monthly management meetings are held during which the reports are discussed and the necessary actions taken.
- Annual business plans and budgets are prepared by the individual companies and units within the Group. Actual performance is monitored against the budgets on a monthly basis, with major variances followed up and the necessary actions taken.
- The adequacy and effectiveness of the system of internal controls are continually assessed by IAD based on an annual risk-based audit plan approved by the AC, which is described in the next section.

INTERNAL AUDIT

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

- Prepared the Annual Audit Plan.
- Performed risk-based audits on selected areas covering different types of operations and companies in Malaysia and overseas.
- Reported to AC upon completion of each audit.
- Submitted final audit reports to Management and auditees.
- Monitored and ensured that matters highlighted were addressed or rectified by Management.

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

Aveo Clayfield, one of the retirement home projects by FKP

MONITORING AND REVIEW OF THE SYSTEM OF INTERNAL CONTROL

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

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

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

STATEMENT ON
CORPORATE RESPONSIBILITY

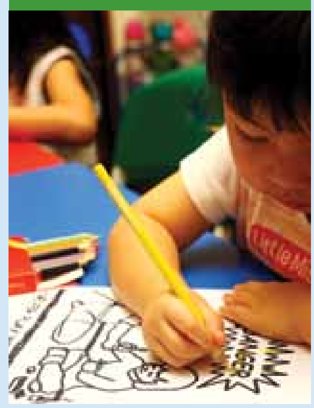
INTRODUCTION

This report documents Mulpha International Bhd's Corporate Responsibility (CR) governance and practices in four key areas:

Environment

Workplace

Community



Marketplace

The report outlines our philosophy and details progress on issues that affect the sustainability of our business and global communities, and describes the benefits of our practices, programs, and initiatives.

Enclave Bangsar is a certified GBI and CONQUAS development

ENVIRONMENT

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

Our latest development, Enclave Bangsar, comprising 7 units of three-storey bungalows situated in the affluent neighbourhood of Bangsar utilizes the SEEDS concept. SEEDS refers to sustainability, energy, environment, design and security. Its design maximises the usage of natural lighting to reduce dependency on artificial sources. Rainwater harvesting is incorporated in the design to maximise the usage of recycled elements. The homes are also fitted with energy-saving devices such as inverter air-conditioning systems and a low voltage water heating system. The Enclave Bangsar project is built with GBI (Green Building Index), CONQUAS (construction quality assessment system) BCA certification, further enhancing Mulpha's effort to promote green concepts in all its developments.

Other than Enclave Bangsar, every home in Bayou Creek Canal Residence, the current development in Leisure Farm Resort is also built with Mulpha's SEEDS philosophy. The homes in Bayou Creek have adopted green design elements including an indoor courtyard that enhances ventilation and provides natural lighting to reduce the usage of artificial

Mulpha staff's family day event held together with family members and children of Rumah Sayangan

sources. Leisure Farm Resort (LFR), the group's flagship project in Gelang Patah, Johor, was involved in a variety of environmentally and energy conservation efforts throughout 2012.

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

380 acres out of LFR's 1,765 acres consists of green spaces and construction is carried out around this natural surrounding instead of over it. Green architectural elements such as energy saving light fittings, inverter AC systems, energy efficient hybrid hot water systems, centralised rainwater harvesting systems and water saving toilet fixtures are incorporated to promote the eco-friendly nature of the development. The recently completed project, Bayou Water Village, integrated heat dissipating roof systems to reduce dependency on artificial energy and low volatile organic compound (VOC) emulsion paint which is environmentally friendly. Special designated areas such as Canal Park, Kayu Manis Orchard and Mangrove wetlands ensure that the flora and fauna growth are maintained. Mulpha organises Earth Day annually. This annual event is conducted in conjunction with the Earth Day in April. Locals and residents of Leisure Farm show their commitment and appreciation towards the environment by getting involved in nature related activities such as tree planting along the canal front and throwing mudballs to clean up the river and canal.

WORKPLACE

Mulpha strives to become the employee of choice for our current staff and future recruits. The testament to this is the relocation of Mulpha's office to Menara Mudajaya in 2013. The primary objective of this is to provide a more conducive working environment for the staff. We constantly involve our staff in creating a great place to work and a company they can be proud of. Specialised trainings are also conducted throughout the year to enhance the skills and performance of our employees. The Company also sends its employees for external trainings that are relevant and in line with our business to improve the knowledge and proficiency of our employees. Talented and potential staff are developed and rewarded to enhance the Company's business through fair and open processes. Internal promotions are conducted to reward staff that perform beyond what is asked of them and show tremendous improvement throughout the year. Mulpha actively promotes and supports activities that improve employees' relationships via the Mulpha Recreation Club. The Club encourages staff participation in sporting activites, family day events, and monthly gatherings. The Club also organizes yearly company trips to foster relationships between the staff from different disciplines. These efforts improve the working environment of the company.

STATEMENT ON
CORPORATE RESPONSIBILITY

COMMUNITY

2012 marked the seventh year for Mulpha's Arts for Health programme. The programme, incorporating different disciplines of arts, targeted hospitalised children with disabilities. Our focus was on three main hospitals, Hospital Sungai Buloh, Pusat Perubatan Universiti Kebangsaan Malaysia (PPUKM) and Pusat Perubatan Universiti Malaya. We collaborated with 3 different hospitals to ensure that the program will reach our target group and give us ample time to prepare for each programme.

Mulpha worked in collaboration with Taylor's University to conduct a reading room makeover in Hospital Sungai Buloh. With the support and approval of the Hospital's management, the project kick-started in July and the handover ceremony was organized in August. The makeover provides a more accommodating and cheerful surrounding for the children to read and interact.

Mulpha was also involved in the Child safety awareness campaign organised by PPUKM. Mulpha's collaboration with the hospital management, staff and students allowed the event to be conducted smoothly and to achieve its objective - ie to create awareness on the safety of the children.

Mulpha Australia actively supported The Professor Harry Messel International Science School at The University of Sydney, an outstanding educational science program designed to encourage Year 11 and 12 students from Australia and around the world to pursue careers in science, technology and engineering. The ISS is run biennially by the Science Foundation for Physics and is free to all attending students. Mulpha Australia's ongoing support has helped

Reading room makeover in Hospital Sg Buloh in collaboration with Taylor's University

Mulpha's involvement in the child safety awareness campaign in PPUKM

to ensure the ISS can continue in perpetuity. The Mulpha Leadership Award is presented to the ISS student who has not only demonstrated academic ability but also shown diplomacy, tact and empathy when dealing with individuals from different cultures and countries. Mulpha Australia also supports the work of the FSHD Global Research Foundation. The FSHD Global Research Foundation is an Australian not-for-profit organisation dedicated to finding a treatment and cure for Facio-Scapulo-Humeral Dystrophy (FSHD).

MARKETPLACE

MIB constantly engaged with its shareholders through different communication channels. We consider our associates, investors, fund managers and analysts, customers, business partners and communities in which we operate, to be our primary stakeholders. We keep in touch with these groups to ensure that we understand their concerns and are able to be transparent with them about our efforts and progress. Fund managers and investment analysts were kept up to date on the performance of the Group throughout the year. The Corporate Communication Department, with the assistance of the Finance Department consistently updated the corporate website, investor relations portal and the investor presentations to allow better access to information about the Company. The Company also exercises good corporate governance and ethical procurement to promote exemplary corporate conduct.

FINANCIAL STATEMENTS

Each precinct in Leisure Farm comes with its own clubhouse

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are disclosed in Notes 39 and 15 respectively. There have been no significant changes in the nature of the principal activities during the financial year except for the discontinuance of the business related to trading, servicing and rental of construction equipments as disclosed in Note 9.

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit from continuing operations, net of tax	(513,848)	8,508
Profit from discontinued operation, net of tax	39,993	-
(Loss)/Profit net of tax	(473,855)	8,508
(Loss)/Profit for the year attributable to:		
-Owners of the Company	(474,963)	8,508
-Non-controlling interests	1,108	-
	(473,855)	8,508

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

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

DIRECTORS' INTERESTS IN SHARES

The direct and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those Directors at year end (including the interest of the spouse or children of Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	<--------------Number of ordinary shares of RM0.50 each-------------->			
	1.1.2012	**Acquired**	**Sold**	**31.12.2012**
The Company				
Direct interest				
Dato' Robert Chan Woot Khoon	50,000	-	-	50,000
Deemed interest				
Lee Seng Huang	819,787,549	-	-	819,787,549

	<---------------Number of ordinary shares of RM1.00 each--------------->			
	1.1.2012	**Acquired**	**Sold**	**31.12.2012**
Bukit Punchor Development Sdn. Bhd.				
Direct interest				
Dato' Robert Chan Woot Khoon	1,800,000	-	-	1,800,000

By virtue of his substantial interest in the shares of the Company, Lee Seng Huang is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Mulpha International Bhd has an interest.

None of the other Directors holding office at 31 December 2012 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the 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, other than as disclosed in Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 114,396,400 of its issued ordinary shares from the open market at an average price of RM0.41 per share. The total consideration paid was RM46,902,860 including transaction cost of RM181,293. The shares repurchased were retained as treasury shares.

As at 31 December 2012, the Company held a total of 158,785,600 treasury shares out of its 2,355,913,158 issued ordinary shares. Such treasury shares are held at a carrying amount of RM66,254,579 and further relevant details are disclosed in Note 29 to the financial statements.

Subsequent to the financial year and up to the date of this report, the Company repurchased 28,817,100 of its issued and paid up ordinary shares from the open market at an average price of RM0.388 per share. The total consideration paid for repurchase, including transaction costs, was RM11,193,735.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

OPTIONS GRANTED OVER ISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

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

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than as disclosed in Note 7 and 9(a) to the financial statements.

SIGNIFICANT EVENTS DURING THE YEAR

The significant events are as disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Lee Seng Huang

Law Chin Wat

Petaling Jaya
24 April 2013

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000 (restated)	Company 2012 RM'000	Company 2011 RM'000
Continuing operations					
Revenue	4	540,286	637,042	5,747	5,096
Other income	5	128,089	437,205	102,736	51,765
Changes in inventories of finished goods and work-in-progress		(5,142)	(658)	-	-
Property work-in-progress expensed		(43,035)	(132,440)	-	-
Finished goods and raw materials used		(84,973)	(52,185)	-	-
Employee benefits expenses	7	(225,193)	(226,873)	(1,264)	(5,927)
Depreciation and amortisation		(63,930)	(58,619)	(456)	(462)
Other expenses		(407,867)	(439,857)	(98,465)	(18,552)
Operating (loss)/profit		(161,765)	163,615	8,298	31,920
Finance costs	6	(66,194)	(93,811)	(6)	(101)
Share of (loss)/profit of associates		(281,815)	77,675	-	-
Share of profit of jointly-controlled entities		7,794	24,173	-	-
(Loss)/Profit before tax	7	(501,980)	171,652	8,292	31,819
Income tax (expense)/benefit	8	(11,868)	(3,074)	216	(1,100)
(Loss)/Profit net of tax from continuing operations		(513,848)	168,578	8,508	30,719
Discontinued operation					
Profit net of tax from discontinued operations	9(a)	39,993	7,603	-	-
(Loss)/Profit net of tax		(473,855)	176,181	8,508	30,719
(Loss)/Profit attributable to:					
Owners of the parent		(474,963)	178,926	8,508	30,719
Non-controlling interests		1,108	(2,745)	-	-
		(473,855)	176,181	8,508	30,719
(Loss)/Earnings per share attributable to owners of the parent (sen per share):					
Continuing operations	10	(22.59)	7.34		
Discontinued operation	10	1.75	0.33		
		(20.84)	7.67		

Statements of comprehensive income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(restated)		
(Loss)/Profit net of tax	(473,855)	176,181	8,508	30,719
Other comprehensive income:				
Foreign currency translation differences for foreign operations and share of other comprehensive income of associates	(74)	31,021	-	-
Fair value movement of available-for-sale financial assets	6,557	(2,971)	-	107
Revaluation of land and building	-	7	-	-
Share of other comprehensive income of associates	4,730	-	-	-
Reserves of discontinued operations and dissolution of subsidiaries reclassified to profit or loss	(7,583)	-	-	-
Other comprehensive income	3,630	28,057	-	107
Total comprehensive (expense)/income for the year	(470,225)	204,238	8,508	30,826
Total comprehensive (expense)/income attributable to:				
Owners of the parent	(471,333)	201,672	8,508	30,826
Non-controlling interests	1,108	2,566	-	-
	(470,225)	204,238	8,508	30,826

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

Statements of financial position

AS AT 31 DECEMBER 2012

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000 (restated)	Group 1.1.2011 RM'000 (restated)	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Assets							
Non-current assets							
Property, plant and equipment	11	1,096,840	1,290,373	1,320,637	507	807	1,102
Investment properties	12	29,746	21,216	21,419	-	-	-
Prepaid land lease payments	13	1,094	1,148	1,181	-	-	-
Investment in subsidiaries	14	-	-	-	709,494	375,644	373,321
Investment in associates	15	1,058,219	1,189,634	1,124,845	6,063	21,963	22,013
Investment in jointly-controlled entities	16	175,830	195,453	179,975	-	-	-
Investment securities	17	38,006	29,861	2,195	880	827	720
Other investments	18	2,888	2,888	2,888	2,888	2,888	2,888
Goodwill	19	9,137	9,137	15,071	-	-	-
Inventories	20	506,657	661,962	694,477	-	-	-
Trade and other receivables	21	-	7,228	7,071	258,100	-	-
Other non-current assets	22	3,774	179	5,141	-	-	-
		2,922,191	3,409,079	3,374,900	977,932	402,129	400,044
Current assets							
Inventories	20	404,990	399,436	356,024	-	-	-
Trade and other receivables	21	224,546	213,743	195,115	489,553	1,126,881	1,101,944
Other current assets	23	21,521	19,209	38,646	1	265	110
Investment securities	17	9,414	10,633	9,236	-	-	-
Derivative assets	32	-	44	-	-	-	-
Income tax recoverable		1,208	949	1,897	1,155	67	1,988
Cash and bank balances	24	468,324	298,012	373,434	67,717	100,013	99,754
		1,130,003	942,026	974,352	558,426	1,227,226	1,203,796
Non-current assets classified as held for sale	9(b)	-	63,872	164,352	-	-	-
Assets of disposal group classified as held for sale	9(a)	-	166,035	-	-	-	-
		1,130,003	1,171,933	1,138,704	558,426	1,227,226	1,203,796
Total assets		4,052,194	4,581,012	4,513,604	1,536,358	1,629,355	1,603,840

AS AT 31 DECEMBER 2012 (CONT'D.)

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000 (restated)	Group 1.1.2011 RM'000 (restated)	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Equity and liabilities							
Equity attributable to equity holders of the Company							
Share capital	29	1,177,957	1,177,957	1,177,957	1,177,957	1,177,957	1,177,957
Share premium		579,863	579,863	579,863	579,863	579,863	579,863
Treasury shares	29	(66,255)	(19,352)	(5,442)	(66,255)	(19,352)	(5,442)
Reserves	30	454,855	449,319	438,212	108,335	108,335	108,228
Retained earnings/ (accumulated losses)		340,866	808,946	626,564	(272,620)	(281,128)	(311,847)
Reserve of disposal group classified as held for sale	9(a)	-	8,163	-	-	-	-
		2,487,286	3,004,896	2,817,154	1,527,280	1,565,675	1,548,759
Non-controlling interests		34,926	98,957	97,516	-	-	-
Total equity		2,522,212	3,103,853	2,914,670	1,527,280	1,565,675	1,548,759
Non-current liabilities							
Trade and other payables	25	7,800	5,855	5,727	2,000	-	-
Provision for liabilities	27	3,389	3,855	3,525	-	-	-
Loans and borrowings	28	800,043	221,684	1,079,701	-	-	-
Deferred tax liabilities	31	31,824	73,035	76,763	-	-	-
		843,056	304,429	1,165,716	2,000	-	-
Current liabilities							
Trade and other payables	25	177,602	167,536	193,007	7,017	63,680	54,931
Other current liabilities	26	34,392	7,821	6,407	-	-	-
Provision for liabilities	27	12,758	12,639	11,078	-	-	-
Loans and borrowings	28	451,378	888,746	202,241	61	-	150
Derivatives liabilities	32	2,115	-	-	-	-	-
Income tax payable		8,681	6,513	8,756	-	-	-
		686,926	1,083,255	421,489	7,078	63,680	55,081
Liabilities classified as held for sale	9(b)	-	-	11,729	-	-	-
Liabilities of disposal group classified as held for sale	9(a)	-	89,475	-	-	-	-
		686,926	1,172,730	433,218	7,078	63,680	55,081
Total liabilities		1,529,982	1,477,159	1,598,934	9,078	63,680	55,081
Total equity and liabilities		4,052,194	4,581,012	4,513,604	1,536,358	1,629,355	1,603,840

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

FOR THE YEAR ENDED 31 DECEMBER 2012

	<------	------	------	------	Attributable to owners of the parent	------	------	------	------	------>		
	<------	------	------	Non-distributable	------	------	------	------>	Distributable			
	Share capital Note 29 RM'000	Share premium RM'000	Revaluation reserve Note 30 RM'000	Exchange reserve Note 30 RM'000	Capital reserve Note 30 RM'000	Other reserve Note 30 RM'000	Treasury shares Note 29 RM'000	Reserve of disposal group classified as held for sale Note 9(a) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group												
At 1 January 2011 (as previously stated)	1,177,957	579,863	6,799	330,237	110,205	(6,118)	(5,442)	-	626,474	2,819,975	97,516	2,917,491
Effects of transition to MFRSs	-	-	(2,911)	-	-	-	-	-	90	(2,821)	-	(2,821)
At 1 January 2011 (restated)	1,177,957	579,863	3,888	330,237	110,205	(6,118)	(5,442)	-	626,564	2,817,154	97,516	2,914,670
Total comprehensive income/(expense) for the year	-	-	7	25,707	-	(2,968)	-	-	178,926	201,672	2,566	204,238
Transactions with owners												
Purchase of treasury shares	-	-	-	-	-	-	(13,910)	-	-	(13,910)	-	(13,910)
Dividend	-	-	-	-	-	-	-	-	-	-	(1,125)	(1,125)
Transfer within reserve	-	-	(26)	(3,473)	23	-	-	-	3,476	-	-	-
Reserve attributable to disposal group classified as held for sale	-	-	(580)	(7,436)	(147)	-	-	8,163	-	-	-	-
Total transactions with owners	-	-	(606)	(10,909)	(124)	-	(13,910)	8,163	3,476	(13,910)	(1,125)	(15,035)
Deferred tax	-	-	-	-	-	-	-	-	(20)	(20)	-	(20)
At 31 December 2011 (restated)	1,177,957	579,863	3,289	345,035	110,081	(9,086)	(19,352)	8,163	808,946	3,004,896	98,957	3,103,853

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT'D.)

	<------Attributable to owners of the parent------>											
	<------Non-distributable------>								Distributable			
	Share capital Note 29 RM'000	Share premium RM'000	Revaluation reserve Note 30 RM'000	Exchange reserve Note 30 RM'000	Capital reserve Note 30 RM'000	Other reserve Note 30 RM'000	Treasury shares Note 29 RM'000	Reserve of disposal group classified as held for sale Note 9(a) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group (cont'd.)												
At 1 January 2012 (restated)	1,177,957	579,863	3,289	345,035	110,081	(9,086)	(19,352)	8,163	808,946	3,004,896	98,957	3,103,853
Total comprehensive income/(expense) for the year	-	-	-	3,363	-	7,850	-	(7,583)	(474,963)	(471,333)	1,108	(470,225)
Transactions with owners												
Purchase of treasury shares	-	-	-	-	-	-	(46,903)	-	-	(46,903)	-	(46,903)
Dividend	-	-	-	-	-	-	-	-	-	-	(303)	(303)
Transfer within reserve	-	-	(3,289)	-	-	-	-	(580)	3,869	-	-	-
Winding up of subsidiaries	-	-	-	(583)	(48)	-	-	-	(1,432)	(2,063)	-	(2,063)
Deconsolidation of a subsidiary	-	-	-	-	-	106	-	-	-	106	(47,115)	(47,009)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,721)	(17,721)
Total transactions with owners	-	-	(3,289)	(583)	(48)	106	(46,903)	(580)	2,437	(48,860)	(65,139)	(113,999)
Deferred tax	-	-	-	-	-	(1,863)	-	-	4,446	2,583	-	2,583
At 31 December 2012	1,177,957	579,863	-	347,815	110,033	(2,993)	(66,255)	-	340,866	2,487,286	34,926	2,522,212

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

FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT'D.)

	Share capital Note 29 RM'000	Share premium RM'000	Capital reserve Note 30 RM'000	Other reserve Note 30 RM'000	Treasury shares Note 29 RM'000	Accumulated losses RM'000	Total equity RM'000
	<---	---	Non-distributable	---	--->		
Company							
At 1 January 2011	1,177,957	579,863	108,228	-	(5,442)	(311,847)	1,548,759
Total comprehensive income for the year	-	-	-	107	-	30,719	30,826
Purchase of treasury shares	-	-	-	-	(13,910)	-	(13,910)
At 31 December 2011/ 1 January 2012	1,177,957	579,863	108,228	107	(19,352)	(281,128)	1,565,675
Total comprehensive income for the year	-	-	-	-	-	8,508	8,508
Purchase of treasury shares	-	-	-	-	(46,903)	-	(46,903)
At 31 December 2012	1,177,957	579,863	108,228	107	(66,255)	(272,620)	1,527,280

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012 RM'000	2011 RM'000 (restated)	2012 RM'000	2011 RM'000
Cash flows from operating activities				
(Loss)/Profit before tax				
- Continuing operations	(501,980)	171,652	8,292	31,819
- Discontinued operations	(1,228)	4,662	-	-
	(503,208)	176,314	8,292	31,819
Adjustments for:				
Amortisation of prepaid lease payments	51	52	-	-
Bad debts recovered	(5,774)	(16)	-	-
Bad debts written off				
- Trade and other receivables	21	10,742	-	-
- Amounts due from subsidiaries	-	-	-	1,762
- Amounts due from associates	-	5,041	-	-
Dividend income	(2,815)	(2,274)	(5,747)	(5,096)
Fair value (gain)/loss for assets held at fair value through profit or loss	(2,692)	456	-	-
Gain on disposal of associates	-	(299)	-	(1,054)
Gain on disposal of assets held for sale	(6,074)	(242,496)	-	-
Gain on disposal of an investment property	-	(292)	-	-
Gain on disposal of investment securities	(188)	-	-	-
Gain on waiver of amount due from subsidiaries	-	-	(61,481)	-
Loss on disposal of subsidiaries	-	-	58,431	-
Impairment of goodwill	-	2,997	-	-
Impairment loss on financial assets				
- Inventories	68,248	146	-	-
- Trade receivables	-	29,158	-	-
- Amounts due from subsidiaries	-	-	-	10,225
- Investment securities	10,593	-	-	-
Impairment loss on investment in				
- Subsidiaries	-	-	3,463	-
- Associates	-	5,275	15,900	-
Interest income (including discontinued operations)	(11,733)	(8,235)	(16,987)	(15,096)
Interest expense (including discontinued operations)	66,441	97,844	6	101
Loss on deconsolidation of subsidiaries	38,703	-	-	-
Loss on disposal of financial assets				
- Fair value through profit or loss	-	559	-	-
Loss on winding up of subsidiaries	-	-	2,327	-
Net unrealised foreign exchange loss/(gain)	1,961	(1,060)	14,732	(12,738)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D.)

	Group 2012 RM'000	Group 2011 RM'000 (restated)	Company 2012 RM'000	Company 2011 RM'000
Cash flows from operating activities (cont'd.)				
Property, plant and equipment				
- Depreciation (including discontinued operations)	65,027	71,604	456	462
- Impairment loss	49,721	58,930	-	-
- Written off/transferred	1	20	3	-
- Loss/(Gain) on disposal	855	(56,279)	-	-
Provision for staff benefits	15,410	16,716	-	-
Reversal of impairment loss on				
- Trade and other receivables	(4,766)	(915)	-	-
- Amounts due from subsidiaries	-	-	(23,552)	(17,515)
- Investment in subsidiaries	-	-	-	(2,323)
Share of loss/(profit) of associates	281,815	(77,675)	-	-
Share of profit of jointly-controlled entities	(7,794)	(24,173)	-	-
Write back of impairment of				
- Inventories	(682)	(8,253)	-	-
- Other investment	(50)	-	(50)	-
Operating cash flows before changes in working capital	53,071	53,887	(4,207)	(9,453)
Changes in working capital:				
Inventories	(86,683)	(51,673)	-	-
Receivables	6,774	9,648	(107,662)	309
Other current assets	3,564	19,393	264	-
Other non-current assets	4,027	4,962	-	-
Financial assets through profit or loss	4,159	(1,559)	-	-
Non-current asset classified as held for sale	-	(1,166)	-	-
Payables	40,586	5,195	59	827
Other current liabilities	-	1,414	-	-
Other non-current liabilities	(55)	-	-	-
Intercompany balances	-	-	107,493	787
Net changes in working capital	(27,628)	(13,786)	154	1,923

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D.)

	Group		Company	
	2012 RM'000	2011 RM'000 (restated)	2012 RM'000	2011 RM'000
Cash flows from operating activities (cont'd.)				
Cash flows generated from/(used in) operations	25,443	40,101	(4,053)	(7,530)
Interest paid (including discontinued operations)	(66,441)	(100,113)	(6)	(101)
Interest received (including discontinued operations)	11,733	8,235	16,987	15,096
Income tax (paid)/refunded	(1,444)	(6,004)	(460)	821
Staff benefits paid	(15,628)	(15,169)	-	-
Net cash flows (used in)/generated from operating activities	(46,337)	(72,950)	12,468	8,286
Cash flows from investing activities				
Purchase of available-for-sale financial assets	-	(31,905)	-	-
Purchase of property, plant and equipment	(33,663)	(172,498)	(159)	(167)
Proceeds from disposal of assets classified as held for sale	69,946	332,701	-	-
Proceeds from disposal of				
- Property, plant and equipment	97,270	11,573	-	-
- Investment properties	-	517	-	-
- Associates	-	8,724	-	1,104
Refurbishment of investment properties	(178)	(22)	-	-
Additional investment in associates	(174,362)	(31,808)	-	-
Net cash from disposal of subsidiaries	100,276	-	1,000	-
Dividend received	2,815	2,274	1,237	1,749
Dividend received from associates and a jointly-controlled entity	47,678	56,047	-	3,347
Net cash flows generated from investing activities	109,782	175,603	2,078	6,033

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D.)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000 (restated)	RM'000	RM'000
Cash flows from financing activities				
Purchase of treasury shares	(46,903)	(13,910)	(46,903)	(13,910)
Payment of finance lease liabilities	(3,955)	(15,248)	-	-
Dividend paid to a non-controlling shareholder	(303)	(1,125)	-	-
(Placement)/Uplift of pledged deposits	(171,143)	26,512	-	8,445
Net drawdown/(repayment) of borrowings	151,261	(121,644)	-	-
Net cash flows used in financing activities	(71,043)	(125,415)	(46,903)	(5,465)
Net (decrease)/increase in cash and cash equivalents	(7,598)	(22,762)	(32,357)	8,854
Effect of exchange rate changes	(4,374)	(13,576)	-	-
Cash and cash equivalents at beginning of year	171,713	208,051	100,013	91,159
Cash and cash equivalents at end of year (Note 24)	159,741	171,713	67,656	100,013

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

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2012

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and jointly-controlled entities and operations. The financial statements of the Company as at and for the financial year ended 31 December 2012 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries and associates are as stated in Notes 39 and 15 respectively.

The financial statements were authorised for issue by the Board of Directors on 24 April 2013.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impact on transition of MFRSs are disclosed in Note 40.

The Group has since prior year adopted IC Interpretation 15: *Agreements for the construction of Real Estate* which was originally effective for annual periods beginning on or after 1 January 2014.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

2. BASIS OF PREPARATION (CONT'D.)

2.1 Statement of compliance (cont'd.)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

2. BASIS OF PREPARATION (CONT'D.)

2.1 Statement of compliance (cont'd.)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013, except for:
  - IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*

  which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.

- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

Except as disclosed below, there are no material impacts of initial application of a standard, an amendment or an interpretation:

MFRS 10, *Consolidated Financial Statements*

MFRS 10, *Consolidated Financial Statements* introduces a new single control model to determining which investees should be consolidated. MFRS 10 supersedes MFRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation – Special Purpose Entities.* There are three elements to the definition of control in MFRS 10: (i) power by investor over an investee; (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

The amendments to MFRS 10 are effective for annual periods beginning on or after 1 January 2013. The Group is currently assessing the financial impact of adopting the amendments to MFRS 10.

MFRS 11, *Joint Arrangements*

MFRS 11, *Joint Arrangements* establishes the principles for classification and accounting for joint arrangements and supersedes MFRS 131, *Interests in Joint Ventures.* Under MFRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

The amendments to MFRS 11 are effective for annual periods beginning on or after 1 January 2013. The Group is currently assessing the financial impact of adopting the amendments to MFRS 11.

2. BASIS OF PREPARATION (CONT'D.)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 12 - valuation of investment properties
- Note 14 - valuation of investment in subsidiaries
- Note 15 - valuation of investment in associates
- Note 19 - measurement of recoverable amounts of cash generating units
- Note 27 - provision and contingencies
- Note 31 - recognition of capital allowances carried forward

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.1 Basis of consolidation (cont'd.)

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.1 Basis of consolidation (cont'd.)

(vi) Jointly-controlled entities

Jointly-controlled entities are contractual arrangements whereby two or more parties undertake economic activities that are subject to joint control, where the strategic financial and operating decisions relating to the activities require the unanimous consent of the parties sharing control. The Group recognises its interest in jointly-controlled entities using equity method.

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

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

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

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii)Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Financial instruments (cont'd.)

(ii) Financial instrument categories and subsequent measurement (cont'd.)

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at the fair value through profit or loss, are subject to review for impairment (see Note 3.13).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Financial instruments (cont'd.)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.4 Property, plant and equipment (cont'd.)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

3.5 Investment in works of art and club memberships

Works of art and club memberships are stated at cost less any accumulated impairment losses. Works of art are deemed inexhaustible and are not depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.6 Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

3.7 Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.8 Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers. Fair value is arrived at by reference to market evidence of transaction prices for similar properties within the same/adjacent location.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.9 Inventories

(i) Properties held for development

Properties held for development consists of land or such portions thereof on which no development activities have been carried out or where active development activities are not expected to be completed within the Group's normal operating cycle within the year. Such land is classified as non-current asset and is stated at cost and all costs that are directly attributable to development activities or that can be allocated on a resonable basis to such activities less accumulated impairment losses, if any.

(ii) Properties under development

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

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(iii) Completed properties

Completed properties are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

(iv) Others

Other inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.10 Non-current assets held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

3.11 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the deferred income in the statement of financial position.

3.12 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, and investments in associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Impairment (cont'd.)

(ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers, deferred tax asset, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.14 Equity instruments

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3.15 Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

3.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.17 Revenue and other income

(i) Revenue from property development

Revenue from property development is measured at the fair value of the consideration receivable and is recognised in profit or loss when significant risks and rewards of ownership have been transferred to the buyer based on the following key considerations:-

(i) the risks and rewards of the properties under development passes to the buyer on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;

(ii) the Group entities maintain control over the properties under development during the construction period, i.e. the Group entities retain the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group entities;

(iii) the Sale and Purchase Agreement does not give the right to the buyer to take over the work-in-progress during construction; and

(iv) the buyers have limited ability to influence the design of the property.

(ii) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.17 Revenue and other income (cont'd.)

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Shares trading

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

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(viii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

3.18 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.19 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.8, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.20 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.21 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.22 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Chief Financial Officer, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.23 Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

4. REVENUE

	Group 2012 RM'000	Group 2011 RM'000 (restated)	Company 2012 RM'000	Company 2011 RM'000
Dividend income	-	-	5,747	5,096
Sale of goods	1,169	15,021	-	-
Performance of services	431,647	428,273	-	-
Sale of properties	106,126	192,310	-	-
Rental of properties and machineries	1,261	1,438	-	-
Shares trading	83	-	-	-
	540,286	637,042	5,747	5,096

5. OTHER INCOME

	Group 2012 RM'000	Group 2011 RM'000 (restated)	Company 2012 RM'000	Company 2011 RM'000
Bad debts recovered	5,774	16	-	-
Dividend income				
- Foreign unquoted shares	2,062	2,137	-	-
- Foreign quoted shares	752	135	-	-
- Quoted shares in Malaysia	1	2	-	-
Fair value gain on financial assets at fair value through profit or loss	2,692	-	-	-
Gain on disposal of associates	-	299	-	1,054
Gain on disposal of property, plant and equipment	58	56,057	-	-
Gain on disposal of assets held for sale	6,074	242,496	-	-
Gain on derivatives	2,587	-	-	-
Gain on foreign exchange				
- Realised	5,971	8,107	-	-
- Unrealised	-	5	-	12,738
Gain on disposal of an investment property	-	292	-	-
Gain on disposal of investment securities	188	-	-	-
Gain on waiver of amount due from subsidiaries	-	-	61,481	-
Gain on winding up of subsidiaries	667	-	-	-

5. OTHER INCOME (CONTD.)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000 (restated)	RM'000	RM'000
Insurance recoveries*	47,927	75,811	-	-
Interest income				
- Deposits with licensed banks	5,578	5,886	3,435	2,343
- Subsidiaries	-	-	13,552	12,753
- Others	6,153	2,308	-	-
Management fees received	-	-	627	2,558
Rental income from land and buildings	33,921	29,151	-	-
Reversal of impairment loss on				
- Trade and other receivables	4,766	855	-	-
- Amounts due from subsidiaries	-	-	23,552	17,515
Reversal of impairment loss on investment in subsidiaries	-	-	-	2,323
Reversal of impairment loss on				
- Inventories	682	8,253	-	-
- Other investment	50	-	50	-
Miscellaneous income	2,186	5,395	39	481
	128,089	437,205	102,736	51,765

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

6. FINANCE COSTS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000 (restated)	RM'000	RM'000
Interest expense on:				
- Overdrafts	176	275	6	2
- Revolving loans and term loans	51,352	68,584	-	99
- Bonds	16,476	26,935	-	-
- Others	1,145	286	-	-
	69,149	96,080	6	101
Less: Interest expense capitalised in properties under development (Note 20)	(2,955)	(2,269)	-	-
Total finance costs	66,194	93,811	6	101

7. (LOSS)/PROFIT BEFORE TAX

	Group 2012 RM'000	Group 2011 RM'000 (restated)	Company 2012 RM'000	Company 2011 RM'000
Loss/(Profit) before tax is arrived after charging:				
Auditors' remuneration				
- Statutory audits	1,585	1,440	115	105
- Other services	181	83	42	42
Amortisation of prepaid land lease payments	51	52	-	-
Bad debts written off				
- Trade and other receivables	21	10,742	-	-
- Amounts due from subsidiaries	-	-	-	1,762
- Amount due from an associate	-	5,041	-	-
Fair value loss on financial assets at fair value through profit or loss	-	456	-	-
Impairment of goodwill	-	2,997	-	-
Impairment loss on financial assets				
- Trade and other receivables	-	29,158	-	-
- Amounts due from subsidiaries	-	-	-	10,225
- Investment securities	10,593	-	-	-
Impairment loss on investment in				
- Subsidiaries	-	-	3,463	-
- Associates	-	5,275	15,900	-
Inventories written down	68,248	146	-	-
Loss on disposal of property, plant and equipment	913	-	-	-
Loss on deconsolidation of subsidiaries	38,703	-	-	-
Loss on winding of subsidiaries	-	-	2,327	-
Loss on disposal of financial assets				
- Fair value through profit or loss	-	559	-	-
Loss on foreign exchange				
- Realised	36	3,348	-	-
- Unrealised	1,699	-	14,732	-
Loss on disposal of subsidiaries	-	-	58,431	-
Management fee paid	-	-	1,102	-
Minimum operating lease payments				
- Land and buildings	4,019	3,230	107	429
- Plant and equipment	3,233	4,419	-	-

7. LOSS/(PROFIT) BEFORE TAX (CONT'D.)

	Group 2012 RM'000	Group 2011 RM'000 (restated)	Company 2012 RM'000	Company 2011 RM'000
Loss/(Profit) before tax is arrived after charging: (cont'd.)				
Property, plant and equipment				
- Depreciation	63,879	58,567	456	462
- Impairment loss	49,721	58,930	-	-
- Written off	2	20	1	-
Provision for staff benefits	15,410	16,716	-	-
Write off right issue expenses of a subsidiary	450	-	-	-
Employee benefits expense (including key management personnel):				
- Pension costs - defined contribution plans	16,288	17,690	-	531
- Short-term accumulating compensated absences	14,413	14,639	-	-
- Social security costs	218	173	183	17
- Termination benefits	15	18	4	-
- Wages, salaries and others	194,259	194,353	1,077	5,379
	225,193	226,873	1,264	5,927
and after crediting:				
Write back of liquidated ascertained damages	-	270	-	-

8. INCOME TAX EXPENSE/(BENEFIT)

Recognised in profit or loss

	Group 2012 RM'000	Group 2011 RM'000 (restated)	Company 2012 RM'000	Company 2011 RM'000
Income tax expense/(benefits) on continuing expenses	11,868	3,074	(216)	1,100
Income tax expense/(benefit) on discontinued operation (excluding gain on sale) (Note 9(a))	8	(2,941)	-	-
Total income tax expense/(benefit)	11,876	133	(216)	1,100

8. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)

Recognised in profit or loss (cont'd.)

	Group 2012 RM'000	Group 2011 RM'000 (restated)	Company 2012 RM'000	Company 2011 RM'000
Major components of income tax expense/(benefit) include:				
Current tax expense				
Malaysian - current	4,250	6,067	400	628
- prior year	(708)	(602)	(616)	472
Overseas - current	-	(607)	-	-
Total current tax recognised in profit or loss	3,542	4,858	(216)	1,100
Deferred tax expense				
Origination and reversal of temporary differences	(9,849)	(2,923)	-	-
Under/(Over) provision in prior year	18,183	(1,802)	-	-
	8,334	(4,725)	-	-
Total income tax expense/(benefit)	11,876	133	(216)	1,100

Reconciliaton of tax expense

	Group 2012 RM'000	Group 2011 RM'000 (restated)
(Loss)/Profit before tax from continuing operations	(501,980)	171,652
Profit before tax from discontinued operation	40,001	4,662
(Loss)/Profit before tax	(461,979)	176,314
Income tax calculated using Malaysian tax rate of 25% (2011: 25%)	(115,495)	44,079
Different tax rates in other countries	(19,359)	1,471
Adjustments:		
Non-deductible expenses	74,661	10,681
Income not subject to taxation	(36,110)	(25,913)
Benefits from previously unrecognised tax losses and unabsorbed capital allowances	(3,404)	(2,838)
Deferred tax assets not recognised during the year	25,603	519
Under/(Over) provision of deferred tax in prior years	18,183	(1,802)
Over provision of income tax in prior years	(708)	(602)
Shares of results of associates and joint ventures	68,505	(25,462)
Income tax expense for the year	11,876	133

8. INCOME TAX EXPENSE/(BENEFIT) (CONT'D.)

Reconciliation of tax expense (cont'd.)

	Company	
	2012	2011
	RM'000	RM'000
Profit before tax	8,292	31,819
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	2,073	7,955
Adjustments:		
Income not subject to taxation	(26,097)	(12,246)
Non-deductible expenses	24,424	4,906
Deferred tax assets not recognised	-	13
(Over)/Under provision of income tax in prior years	(616)	472
Income tax (expense)/benefit for the year	(216)	1,100

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. The corporate tax rates applicable to subsidiaries located in Australia, Hong Kong and Singapore are 30% (2011: 30%), 16.5% (2011: 16.5%) and 17% (2011:17%) respectively.

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

Income tax savings arose from:

	Group	
	2012	2011
	RM'000	RM'000
Utilisation of brought forward tax losses	1,694	2,170
Utilisation of brought forward capital allowances	1,710	668

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

(a) Discontinued operations during the year

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

Previously, at 31 December 2011, the assets and liabilities related to Manta Group have been presented in the statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", and its results are presented separately in the statement of comprehensive income as "Profit net of tax from discontinued operation". The disposal was completed on 23 February 2012 and the gain on disposal amounted to RM62.31 million.

Statement of financial position disclosures

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

	Group RM'000
Assets:	
Property, plant and equipment	115,890
Inventories	14,339
Trade and other receivables	20,723
Other current assets	3,141
Investment securities	237
Cash and bank balances	11,705
Assets classified as held for sale	166,035
Liabilities:	
Trade and other payables	29,946
Loans and borrowings	56,998
Deferred tax liabilities	2,531
Liabilities directly associated with assets classified as held for sale	89,475
Net assets directly associated with disposal group	76,560
Reserves:	
Capital reserve	147
Revaluation reserve	580
Exchange reserve	7,436
Reserves of disposal group classified as held for sale	8,163

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D.)

(a) Discontinued operations during the year (cont'd.)

(ii) The Company had on 7 September 2012 entered into a sale and purchase agreement with Mula Holdings Sdn Bhd ("Purchaser") to dispose of 2,000,000 ordinary shares of RM1 each of Bestari Sepang Sdn Bhd ("BSSB"), a wholly owned subsidiary of the Company for a cash consideration RM1.0 million.

BSSB is an investment holding company. Its wholly owned subsidiary, Spanstead Sdn. Bhd., holds a 65% equity interest in Seri Ehsan (Sepang) Sdn. Bhd., which in turn is the registered owner of land located within Mukim of Tanjung 12, District of Kuala Langat, Selangor Darul Ehsan, covering an area of 939.04 acres.

This disposal was completed on 7 September 2012 and the loss on the disposal amounted to RM21.08 million at Group level and RM58.43 million at Company level.

As part of this transaction, the Company has also simultaneously entered into a settlement agreement with the Purchaser whereby the Purchaser shall pay a settlement sum of RM104.0 million on or before 15 December 2012 as full and final settlement of advances that the Company had previously made to BSSB and its subsidiaries, failing which additional payments will apply until the final settlement date of 15 December 2013. The additional payments amount has not been recognised in the financial statements as at 31 December 2012 and the settlement sum remains outstanding as at the date of this report.

Statement of comprehensive income disclosures

The results of both discontinued operations of items a(i) and a(ii) are as follows:

	Group	
	1.1.2012 to disposal date RM'000	**2011 RM'000**
Revenue	4,974	60,645
Other income	90	3,592
Changes in inventories of finished goods and work-in-progress	(121)	(2,268)
Property work-in-progress expensed	(312)	7,341
Finished goods purchased and raw materials used	(1,785)	(28,068)
Employee benefits expense	(871)	(10,167)
Depreciation	(1,148)	(13,037)
Other expenses	(1,808)	(9,343)
Operating (loss)/profit	(981)	8,695
Finance costs	(247)	(4,033)
(Loss)/Profit before tax	(1,228)	4,662
Income tax (expense)/benefit	(8)	2,941
Gain on disposal of discontinued operations	41,229	-
Profit net of tax from discontinued operations	39,993	7,603

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D.)

(a) Discontinued operations during the year (cont'd.)

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

	Group	
	2012	2011
	RM'000	RM'000
Auditors' remuneration	4	264
Employee benefits expense	871	10,167
Depreciation of property, plant and equipment	1,148	13,037
Interest income	(2)	(41)
Reversal of impairment loss on receivables		
- Receivables	-	(59)
- Inventories	-	(12)
Minimum operating lease payments		
- Land and buildings	57	431
Gain on disposal of property, plant and equipment	-	(222)
Net loss/(gain) on foreign exchange		
- Realised	7	471
- Unrealised	262	(1,055)

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

	Group	
	2012	2011
	RM'000	RM'000
Operating cash flows	17,832	6,318
Investing cash flows	100,276	4,392
Financing cash flows	(17,727)	(4,076)
Total cash flows	100,381	6,634
Earnings per share (sen per share)		
Basic, discontinued operations	1.75	0.33
Diluted, discontinued operations	1.75	0.33

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

(a) Discontinued operations during the year (cont'd.)

Effect of disposal on the financial position of the Group are as follows:

	2012 RM'000
Property, plant and equipment	117,610
Long term receivables	43
Available for sale financial assets	234
Inventories	171,846
Trade and other receivables	21,406
Cash and bank balances	8,446
Short term deposits	1,562
Trade and other payables	(29,558)
Loans and borrowings	(59,384)
Deferred taxation	(33,977)
Net assets disposed	198,228
Minority interest	(17,721)
Realisation of reserve	(9,014)
Gain on disposal	41,229
Consideration received from disposal	212,722
Less: Cash and bank balances	(8,446)
Less: Outstanding in other receivables	(104,000)
Net cash from disposal of subsidiaries	100,276

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D.)

(b) Non-current assets held for sale

(i) On 3 December 2010, Mulpha Land & Property Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into an agreement to dispose of a piece of freehold land located in Section 16, Petaling Jaya for a cash consideration of RM70.00 million. The disposal was completed on 21 March 2012 and the gain on the disposal amounted to RM6.07 million.

(ii) On 16 December 2010, the Company announced the disposal of the Hilton Melbourne Airport Hotel, its related assets and liabilities by its subsidiaries, Mulpha Hotel Pty Limited ("MHPL"), Mulpha Australia Limited ("MAL") and Mulpha Hotel (Melbourne) Pty Limited ("MHMPL") for a cash consideration of AUD108,888,000 (approximately RM327.00 million).

MHPL and MHMPL are wholly-owned subsidiaries of MAL, which in turn is a wholly-owned subsidiary of the Company. The said disposal was completed on 31 March 2011 and a gain of RM242.50 million was recorded in previous year.

As at 1 January 2011 and 31 December 2011, the assets and liabilities related to the above have been presented in the statement of financial position as assets and liabilities held for sale.

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

	Group	
	31.12.2011 RM'000	1.1.2011 RM'000
Assets classified as held for sale:		
Property, plant and equipment	63,872	158,855
Inventories	-	293
Receivables	-	5,204
	63,872	164,352
Liabilities classified as held for sale:		
Trade and other payables	-	7,895
Deferred tax liabilities	-	3,834
	-	11,729
Net assets classified as non-current assets held for sale	63,872	152,623

10. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

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

(Loss)/Profit attributable to owners of the parent (RM'000)

	Group	
	2012	**2011**
(Loss)/Profit net of tax from continuing operations attributable to the owners of the parent	(514,956)	171,323
Profit net of tax from discontinued operations attributable to the owners of the parent	39,993	7,603
	(474,963)	178,926

Weighted average number of ordinary shares ('000)

	Group	
	2012	**2011**
Issued ordinary shares at 1 January	2,355,913	2,355,913
Effect of share buy back	(76,413)	(21,006)
Weighted average number of ordinary shares at 31 December	2,279,500	2,334,907

Basic (loss)/earnings per ordinary share (sen)

	Group	
	2012	**2011**
From continuing operations	(22.59)	7.34
From discontinued operation	1.75	0.33
	(20.84)	7.67

Diluted (loss)/earnings per ordinary share

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

There were no potential dilution effects on ordinary shares of the Company for the current financial year. Accordingly, the diluted (loss)/earnings per ordinary share for the current and previous years are equal to the basic (loss)/earnings per ordinary share.

Since the end of the current financial year, the Company has purchased 114,396,400 shares from open market. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements other than the repurchase of treasury shares as mentioned above.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	*Plant and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 January 2011 (restated)	196,535	1,065,070	546,760	52	1,808,417
Additions	1,290	54,335	142,921	3,847	202,393
Disposals	(44,029)	(466)	(19,848)	-	(64,343)
Written off	-	(20)	(49)	-	(69)
Transfers/reclassifications	44,029	-	(13,716)	-	30,313
Exchange adjustments	4,204	23,766	13,399	48	41,417
Attributable to discontinued operations	-	(24,379)	(167,255)	-	(191,634)
At 31 December 2011/1 January 2012 (restated)	202,029	1,118,306	502,212	3,947	1,826,494
Additions	-	4,672	19,576	9,815	34,063
Disposals	-	-	(15,324)	-	(15,324)
Deconsolidation	(21,992)	(85,806)	(10,829)	-	(118,627)
Written off	-	-	(1,425)	-	(1,425)
Transfers/reclassifications	-	3,947	-	(3,947)	-
Effect of movements in exchange rates	(1,638)	(10,610)	(4,863)	(68)	(17,179)
Attributable to discontinued operations	-	(236)	(94)	-	(330)
At 31 December 2012	178,399	1,030,273	489,253	9,747	1,707,672
Depreciation and impairment loss					
At 1 January 2011 (restated):					
Accumulated depreciation	-	138,422	281,034	-	419,456
Accumulated impairment losses	706	67,618	-	-	68,324
	706	206,040	281,034	-	487,780
Charge for the year	-	20,708	50,896	-	71,604
Disposals	-	(466)	(14,413)	-	(14,879)
Written off	-	-	(49)	-	(49)
Impairment loss	92	52,287	6,551	-	58,930
Transfers/reclassifications	-	-	(3,598)	-	(3,598)
Exchange adjustments	16	5,480	6,581	-	12,077
Attributable to discontinued operations	-	(5,997)	(69,747)	-	(75,744)
At 31 December 2011/1 January 2012 (restated):					
Accumulated depreciation	-	159,097	250,626	-	409,723
Accumulated impairment losses	814	118,955	6,629	-	126,398
	814	278,052	257,255	-	536,121

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Buildings RM'000	*Plant and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss (cont'd.)					
At 31 December 2011/1 January 2012 (restated):					
Accumulated depreciation	-	159,097	250,626	-	409,723
Accumulated impairment losses	814	118,955	6,629	-	126,398
	814	278,052	257,255	-	536,121
Charge for the year	-	24,257	39,622	-	63,879
Disposals	-	-	(11,369)	-	(11,369)
Deconsolidation	-	(12,108)	(7,631)	-	(19,739)
Written off	-	-	(1,424)	-	(1,424)
Impairment losses	-	49,721	-	-	49,721
Transfers/reclassifications	-	5,063	(5,063)	-	-
Effect of movements in exchange rates	(61)	(3,440)	(2,601)	-	(6,102)
Attributable to discontinued operations	-	(164)	(91)	-	(255)
At 31 December 2012:					
Accumulated depreciation	-	172,705	262,069	-	434,774
Accumulated impairment losses	753	168,676	6,629	-	176,058
	753	341,381	268,698	-	610,832
Carrying amounts					
At 1 January 2011 (restated)	195,829	859,030	265,726	52	1,320,637
At 31 December 2011/1 January 2012 (restated)	201,215	840,254	244,957	3,947	1,290,373
At 31 December 2012	177,646	688,892	220,555	9,747	1,096,840

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

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	*Plant and equipment RM'000
Cost	
At 1 January 2011	4,945
Additions	167
Written off	(86)
At 31 December 2011/1 January 2012	5,026
Additions	159
Transfers to subsidiaries	(3)
Written off	(1,390)
At 31 December 2012	3,792
Accumulated depreciation	
At 1 January 2011	3,843
Charge for the year	462
Written off	(86)
At 31 December 2011/1 January 2012	4,219
Charge for the year	456
Transfers to subsidiaries	(1)
Written off	(1,389)
At 31 December 2012	3,285
Carrying amounts	
At 1 January 2011	1,102
At 31 December 2011/1 January 2012	807
At 31 December 2012	507

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

(i) Net carrying amounts of assets pledged as security for borrowings as disclosed in Note 28 are as follows:

	Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Land	146,367	176,287	179,792
Buildings	609,960	784,424	801,535
Plant, machinery, office equipment, furniture and motor vehicles	54,694	228,665	170,545
	811,021	1,189,376	1,151,872

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(ii) The followings are assets held by the Group which earn rental income under operating leases. The details of future annual rentals receivable under the operating leases are included in Note 36(iv).

Group	Buildings RM'000	Plant and machinery RM'000	Total RM'000
At 1 January 2011			
Cost	132,035	8,887	140,922
Accumulated depreciation	(4,687)	(4,490)	(9,177)
Net carrying amount	127,348	4,397	131,745
At 31 December 2011			
Cost	134,362	-	134,362
Accumulated depreciation	(7,809)	-	(7,809)
Net carrying amount	126,553	-	126,553
At 31 December 2012			
Cost	133,113	-	133,113
Accumulated depreciation	(7,737)	-	(7,737)
Net carrying amount	125,376	-	125,376

(iii) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM34,063,000 (31.12.2011: RM202,393,000; 1.1.2011: RM92,431,000) of which RM400,000 (31.12.2011: RM29,895,000; 1.1.2011: RM20,768,000) were acquired by means of hire purchase and finance lease arrangements with the balance paid in cash.

(iv) The carrying amount of plant, machinery, office equipment, furniture and motor vehicles held under hire purchase and finance leases as at the reporting date was RM13,069,000 (31.12.2011: RM19,469,000; 1.1.2011: RM52,276,000). As at 1 January 2011, out of RM52,276,000, an amount of RM30,247,000 was attributable to the disposal group.

(v) During the year, the Group recorded an impairment loss on property, plant and equipment of RM49,721,000 in view of impairment of certain hotel assets in Australia. In the previous financial year, the Group recorded impairment of RM58,930,000 of which RM47,463,000 is in relation to assets damaged in cyclones. Recoveries on these damages are disclosed in Note 5.

(vi) The Group's capital work-in-progress relates to refurbishment of hotels and a commercial building in Australia.

(vii) In the previous year, the Group entered into an agreement to dispose a land with carrying value of RM44,029,000 and incidental cost incurred of RM1,161,000 for a sale consideration of RM104,634,000. An amount of RM10,463,000 was received in the previous year and the remaining balance of RM94,170,000 was received on 19 January 2012.

12. INVESTMENT PROPERTIES

	Group	
	2012	2011
	RM'000	RM'000
At 1 January	21,216	21,419
Additions	8,352	-
Capital expenditure capitalised	178	22
Disposals	-	(225)
At 31 December	29,746	21,216
Income derived from investment properties	866	1,029
Direct operating expenses arising from investment properties		
- Rental generating properties	848	835
- Non-rental generating properties	39	49

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

Investment properties with a carrying amount of RM21,394,000 (2011: RM21,216,000) are pledged as a security for bank borrowings as disclosed in Note 28.

Addition during the year refers to a residential property transacted between two subsidiary companies.

13. PREPAID LAND LEASE PAYMENTS

	Group	
	2012	2011
	RM'000	RM'000
		(restated)
Long term leasehold land		
At 1 January	1,148	1,181
Amortisation for the year	(51)	(52)
Exchange differences	(3)	19
At 31 December	1,094	1,148

Leasehold land with an aggregate carrying amount of RM344,000 (31.12.2011: RM351,000; 1.1.2011: RM359,000) are pledged as security for borrowings as disclosed in Note 28.

14. INVESTMENT IN SUBSIDIARIES

	Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Quoted shares in Malaysia	60,134	60,134	60,134
Unquoted shares in Malaysia	463,947	238,754	238,754
Foreign unquoted shares	247,827	247,827	247,827
	771,908	546,715	546,715
Less: Accumulated impairment losses	(62,414)	(171,071)	(173,394)
	709,494	375,644	373,321
Market value of quoted shares in Malaysia	25,767	26,411	31,886

Movement in the accumulated impairment losses are as follows:

	Company 2012 RM'000	2011 RM'000
At 1 January	171,071	173,394
Charge for the year	3,463	-
Reversal of impairment	-	(2,323)
Write off on subsidiaries under liquidation	(110,120)	-
Disposal during the year	(2,000)	-
At 31 December	(62,414)	(171,071)

14. INVESTMENT IN SUBSIDIARIES (CONTD.)

Impairment assessment

Management assessed the recoverable amounts of the investments in unquoted shares based on the net tangible assets value of these subsidiaries. The result of the assessment required impairment losses of RM3,463,000 (2011: reversal of impairment losses of RM2,323,000).

The carrying amount of the investments in the quoted shares in Malaysia exceeds those of their market value. However, no impairment has been made as its recoverable amount exceeds its carrying amount. The recoverable amount of this investment which is in the property development segment is assessed at the cash-generating unit level and detailed in Note 19.

Additional investments in subsidiaries

During the year, the Company made an additional investment of redeemable preference shares in certain existing subsidiaries amounting to RM339,641,000.

Disposal of subsidiaries

During the year, the Company disposed of its 100% equity in Bestari Sepang Sdn. Bhd. where the cost of investment of RM2 million was fully impaired in previous years. The effects of the disposal are disclosed in Note 9(a)(ii).

Winding up of subsidiaries

The Company had also, during the financial year ended 31 December 2012, written off cost of investments amounting to RM112,447,000 for subsidiaries which are under members' winding up administration. This cost of investment of RM110,120,000 was impaired in the previous years.

Loss on deconsolidation of subsidiaries

In January 2010, Mulpha Australia Limited ("MAL"), a wholly owned subsidiary of the Company disposed of, via a convertible notes redemption, 67.7% of its holding in Sanctuary Cove Golf & Country Club Holdings Limited ("SCGH") and its subsidiary Sanctuary Cove Golf & Country Club Pty Limited ("SCGC"). There exists an establishment share, issued at AUD1 par, that is owned by Mulpha Sanctuary Cove Developments ("MSCD") (a wholly owned subsidiary of Mulpha Australia Limited and parent entity of SCGH) that entitled the Group to 76.0% of the voting rights using this share and hence no loss of control has occurred as at 31 December 2011. Therefore, the subsidiaries remained to be consolidated by the Group with 67.7% as non-controlling interest.

On 16 August 2012, the members of SCGH passed a special resolution to modify certain articles of the constitution resulting in MSCD's voting rights pertaining to the establishment share being diluted such that MAL no longer has control. As a result, the companies deconsolidated, resulting in a loss of deconsolidation of RM38.70 million.

Details of the subsidiaries are set out in Note 39.

15. INVESTMENT IN ASSOCIATES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
(a) Interest in associates:						
At cost:						
Quoted shares in Malaysia	44,208	44,208	41,004	-	-	-
Unquoted shares in Malaysia	55	55	888	-	-	50
Foreign quoted shares	1,048,430	860,905	877,333	-	-	21,963
Foreign unquoted shares	23,163	23,163	1,200	21,963	21,963	-
Exchange difference	212,976	219,643	197,487	-	-	-
	1,328,832	1,147,974	1,117,912	21,963	21,963	22,013
Share of post-acquisition reserves	(258,083)	54,190	14,188	-	-	-
	1,070,749	1,202,164	1,132,100	21,963	21,963	22,013
Less: Accumulated impairment losses	(12,530)	(12,530)	(7,255)	(15,900)	-	-
	1,058,219	1,189,634	1,124,845	6,063	21,963	22,013
At market value:						
Quoted shares						
- In Malaysia	315,151	263,429	380,608	-	-	-
- Foreign	376,603	479,415	801,127	-	-	-
	691,754	742,844	1,181,735	-	-	-

Movement in the accumulated impairment account is as follows:

	Group	
	2012 RM'000	2011 RM'000
At 1 January	12,530	7,255
Charge for the year	-	5,275
At 31 December	12,530	12,530

(i) Following the notice of delisting issued by The Singapore Exchange Securities Trading Limited on 2 June 2010 to a quoted foreign associate, namely Rotol Singapore Ltd. ("Rotol"), Rotol has been delisted with effect from 17 August 2011.

15. INVESTMENT IN ASSOCIATES (CONT'D.)

(ii) In September 2012, FKP Property Group ("FKP") underwent a rights issue exercise of six new FKP securities for every seven existing FKP securities held at AUD0.20 per security. Prior to the exercise, the Group held 317,846,566 FKP securities equivalent to a 26.22% interest in FKP. The Group then fully subscribed to its entitlement of the FKP rights issue of 272,439,914 new FKP securities, resulting in additional investment cost in associates of RM187,525,000 and the Group holding a total of 590,286,480 FKP securities, representing 26.22% (2011: 25.98%) interest in the enlarged FKP total issued securities.

(iii) The quoted shares of a foreign associate with a carrying value of RM784,115,000 (31.12.2011: RM409,695,000; 1.1.2011: RM19,725,000) are pledged as security for other borrowings as disclosed in Note 28.

(b) The summarised financial information of the associates not adjusted for the percentage ownership held is as follows:

	Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Assets and liabilities			
Current assets	2,502,636	1,912,730	3,340,053
Non-current assets	10,541,534	12,905,495	10,587,654
Total assets	13,044,170	14,818,225	13,927,707
Current liabilities	5,483,532	6,359,032	5,070,013
Non-current liabilities	2,230,678	2,512,378	3,256,703
Total liabilities	7,714,210	8,871,410	8,326,716
Results			
Revenue	2,175,026	2,191,492	2,150,248
(Loss)/Profit for the year	(1,001,324)	388,473	420,381

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

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

15. INVESTMENT IN ASSOCIATES (CONT'D.)

(c) Details of the associates are as follows:

	Country of incorporation	Principal activities	Proportion (%) of ownership interest 31.12.2012	31.12.2011	1.1.2011
Held by Mulpha International Bhd					
Rotol Singapore Ltd. [1]	Singapore	Investment holding and project management services	38.00	38.00	38.00
Mulpha Engineering & Construction Sdn. Bhd. [2] [3]	Malaysia	Contracting	-	-	20.00
Held through Mulpha Infrastructure Holdings Sdn. Bhd.					
Mudajaya Group Berhad [2]	Malaysia	Building contractor and civil engineering	22.12	22.05	21.84

15. INVESTMENT IN ASSOCIATES (CONT'D.)

	Country of incorporation	Principal activities	Proportion (%) of ownership interest 31.12.2012	31.12.2011	1.1.2011
Held through Mulpha Australia Limited					
Real Estate Capital Partner Pty. Limited [2]	Australia	Investment	50.00	50.00	50.00
FKP Property Group ("FKP") [2]	Australia	Ownership and management of retirement villages and property development	2.74	5.01	4.90
Held through Rosetec Investments Limited					
FKP [2]	Australia	Ownership and management of retirement villages and property development	20.17	19.29	20.43
Held through Jumbo Hill Limited					
FKP [2]	Australia	Ownership and management of retirement villages and property development	3.31	-	-

15. INVESTMENT IN ASSOCIATES (CONT'D.)

	Country of incorporation	Principal activities	Proportion (%) of ownership interest 31.12.2012	31.12.2011	1.1.2011
Mulpha Strategic Limited					
FKP [2]	Australia	Ownership and management of retirement villages and property development	-	1.59	-
Held through Indahview Capital Partners Sdn. Bhd. (formerly known as Mulpha Capital Partners Sdn. Bhd.)					
Sama Wira Mulpha Industries Sdn. Bhd. [2] [3]	Malaysia	Manufacture and sale of wire mesh	-	-	30.00

[1] Associates audited by other member firms of KPMG International
[2] Associates not audited by other member firms of KPMG International
[3] Associates disposed of in the previous financial year

16. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011
Unquoted shares at cost	128,720	128,720	125,723
Add: Share of post-acquisition profit	17,149	34,698	26,529
Exchange differences	29,961	32,035	27,723
	175,830	195,453	179,975

16. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES (CONT'D.)

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 31.12.2012	31.12.2011	1.1.2011
	Held through Mulpha Investments Pty. Limited					
@	Mulpha FKP Pty. Limited	Australia	Property development	50.1	50.1	50.1
	Held through Mulpha Sanctuary Cove (Management) Pty. Limited					
@	SC Realty Pty. Limited	Australia	Property development	50.0	50.0	-

@ Jointly-controlled entities not audited by other member firms of KPMG International

The summarised financial information of the jointly-controlled entities not adjusted for the percentage ownership held is as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Assets and liabilities			
Current assets	79,970	145,554	12,606
Non-current assets	217,131	186,168	279,674
Total assets	297,101	331,722	292,280
Current liabilities	(14,486)	(18,125)	(13,851)
Non-current liabilities	(100,705)	(113,057)	(98,454)
Total liabilities	(115,191)	(131,182)	(112,305)
Results			
Revenue	187,117	160,552	103,814
Expenses	(161,855)	(91,466)	(78,996)

17. INVESTMENT SECURITIES

	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Current						
Financial assets at fair value through profit or loss						
Quoted shares						
- Malaysia	536	535	526	-	-	-
- Foreign	2,559	2,402	3,920	-	-	-
Unquoted investment funds	6,319	7,696	4,790	-	-	-
	9,414	10,633	9,236	-	-	-
Non-current						
Available-for-sale financial assets						
Foreign quoted shares	193	209	292	-	-	-
Foreign quoted bonds	32,800	27,901	-	-	-	-
Unquoted shares						
- Malaysia	837	784	677	837	784	677
- Foreign	4,176	967	1,226	43	43	43
	38,006	29,861	2,195	880	827	720

The current investment securities with a carrying value of RM9,414,000 (31.12.2011: RM10,633,000; 1.1.2011: RM9,236,000) are pledged to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 28.

18. OTHER INVESTMENTS

At cost	Group/Company Club memberships RM'000	Group/Company Investment in works of art RM'000	Total RM'000
1 January 2011/31 December 2011/ 31 December 2012			
Other assets	1,160	1,728	2,888

19. GOODWILL

Group	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
At 1 January 2011	8,921	6,150	15,071
Disposal	-	(2,997)	(2,997)
Impairment loss during the year	-	(2,997)	(2,997)
Exchange differences	-	60	60
At 31 December 2011/1 January 2012/ At 31 December 2012	8,921	216	9,137

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

Impairment tests for goodwill

Allocation of goodwill

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

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 December 2012			
Realty business	-	216	216
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	216	9,137
At 31 December 2011			
Realty business	-	216	216
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	216	9,137
At 1 December 2011			
Boat show	-	213	213
Realty business	-	5,937	5,937
Investment business	2,512	-	2,512
Property development	6,409	-	6,409
	8,921	6,150	15,071

19. GOODWILL (CONT'D)

Key assumptions used

Property development segment

The recoverable amount of the CGU is determined based on the value in use ("VIU") calculation. The VIU is calculated using the pre-tax cash flow projections based on financial budgets approved by management. VIU was determined by discounting the future cash flows generated from the development of properties of the CGU and was based on the following key assumptions:

(i) Cash flows projected were based on the gross development value of projects planned and that there will be continual demand for quality residential properties; and

(ii) The pre-tax discount rates of 10% to 12% are applied in discounting the cash flows and were based on the estimated cost of funds of the CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

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

The above estimates are particularly sensitive in the following areas:

(i) Fluctuations in future planned revenues and development costs arising from fluctuations in raw material costs and constructions costs; and

(ii) Fluctuations in the discount rate used and general interest rates.

Investment business segment

The recoverable amount of quoted securities held is determined based on observable market prices, less costs to sell.

Where there are no observable market price for unquoted securities, recoverable amount is determined based on the VIU calculation, using pre-tax cash flow projections over a 5 year period. Pre-tax discount rate of 8% is applied in discounting the cash flows and was based on the estimated cost of funds of the CGU.

These estimates are sensitive towards fluctuations in the discount rate and general interest rates.

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

20. INVENTORIES

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000 (restated)	1.1.2011 RM'000
Non-current assets			
Cost			
Properties held for development			
- Cost of acquisition of freehold land	269,885	379,735	422,846
- Capitalised development costs	140,421	282,227	271,631
	410,306	661,962	694,477
Net realisable value			
Properties held for development			
- Cost of acquisition of freehold land	96,351	-	-
Total non-current assets	506,657	661,962	694,477
Current assets			
Cost			
Properties under development			
- Cost of acquisition of freehold land	136,648	192,598	154,038
- Capitalised development costs	189,191	169,531	144,474
	325,839	362,129	298,512
Completed properties	50,200	11,941	17,865
Finished goods	10,440	11,714	-
Work-in-progress	4,567	4,257	4,373
Raw materials	34	38	28
Other consumables	4,857	3,179	-
	70,098	31,129	22,266
Net realisable value			
Completed properties	5,619	2,744	7,960
Finished goods	-	-	23,829
Other consumables	3,434	3,434	3,457
	9,053	6,178	35,246
Total current assets	404,990	399,436	356,024
Total inventories	911,647	1,061,398	1,050,501

Included in properties under development of the Group is interest capitalised during the financial year amounting to RM2,955,000 (31.12.2011: RM2,269,000; 1.1.2011: RM2,183,000).

Certain properties held for development and properties under development amounting to RM259,156,000 (31.12.2011: RM514,827,000; 1.1.2011: RM598,033,000) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 28.

21. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current						
Trade receivables						
Third parties	105,110	97,479	138,001	-	-	-
Less: Allowance for impatient	(23,006)	(29,064)	(9,827)	-	-	-
	82,104	68,415	128,174	-	-	-
Other receivables						
Other receivables	146,275	150,139	91,963	108,451	145	228
Less: Allowance for impairment	(6,791)	(6,791)	(40,985)	-	-	-
	139,484	143,348	50,978	108,451	145	228
Deposits	1,547	1,711	11,136	357	122	113
Amounts due from contract customers	1,030	269	43	-	-	-
Amounts due from subsidiaries	-	-	-	380,745	1,300,605	1,319,508
Amounts due from associates	381	-	9,179	-	-	389
	381	-	9,179	380,745	1,300,605	1,319,897
Less: Allowance for impairment	-	-	(4,395)	-	(173,991)	(218,294)
	381	-	4,784	380,745	1,126,614	1,101,603
	224,546	213,743	195,115	489,553	1,126,881	1,101,944
Non-current						
Trade receivables						
Amount due from jointly-controlled entitles	-	7,228	7,071	-	-	-
Amount due from a subsidiary	-	-	-	258,100	-	-
	-	7,228	7,071	258,100	-	-
Total trade and other receivables	224,546	220,971	202,186	747,653	1,126,881	1,101,944

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Other receivables

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

Movement in allowance accounts:

	Individually impaired	
	2012	2011
Group	RM'000	RM'000
Other receivables		
At 1 January	6,791	40,985
Charge for the year	-	8,211
Written off	-	(42,781)
Exchange adjustments	-	376
At 31 December	6,791	6,791

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

(b) Amounts due from contract customers

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Aggregate costs incurred to date	4,905	2,868	2,598
Add: Attributable profits	556	453	297
	5,461	3,321	2,895
Less: Progress billings	(4,431)	(3,052)	(2,852)
	1,030	269	43
Represented by:			
Amount due from contract customers	1,030	269	43

(c) Amounts due from subsidiaries

Company	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Bearing interest	258,100	250,414	245,938
Non-interest bearing	380,745	1,050,191	1,073,570
	638,845	1,300,605	1,319,508

The non-interest bearing amounts due from subsidiaries are unsecured and repayable on demand.

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

(c) Amounts due from subsidiaries (cont'd.)

Non-current amount due from a subsidiary amounting to RM258,100,000 relates to foreign unquoted cumulative redeemable preference shares ("CRPS") issued during the financial year by Mulpha Australia Limited, a wholly owned subsidiary of the Company. The Company has no intention of holding them to maturity nor converting them to equity. The CRPS is subjected to interest of 9.50% per annum.

In the previous financial year, the amount due from subsidiaries were subjected to interest ranging from 2.80% to 7.00% per annum.

Movement in allowance accounts:

	Company Individually impaired	
	2012 RM'000	2011 RM'000
Amounts due from subsidiaries		
At 1 January	173,991	218,294
Charge for the year	-	10,225
Written off	(150,439)	(37,013)
Reversal of impairment	(23,552)	(17,515)
At 31 December	-	173,991

(d) Amounts due from associates

Movement in allowance accounts:

	Group Individually impaired	
	2012 RM'000	2011 RM'000
Amounts due from associates		
At 1 January	-	4,395
Written off	-	(4,493)
Exchange adjustments	-	98
At 31 December	-	-

(e) Amount due from jointly-controlled entities

In the previous financial years, the amount due from jointly-controlled entities were unsecured, non-interest bearing and not repayable within the foreseeable future.

22. OTHER NON-CURRENT ASSETS

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Prepayments	3,774	179	5,141

23. OTHER CURRENT ASSETS

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Prepayments	14,717	19,209	38,646	1	265	110
Accrued billings	6,804	-	-	-	-	-
	21,521	19,209	38,646	1	265	110

24. CASH AND BANK BALANCES

	Group			Company		
	31.12.2012 RM'000	1.1.2011 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cash on hand and at banks	65,014	48,401	68,672	77	94	60
Deposits with licensed banks	403,310	249,611	304,762	67,640	99,919	99,694
	468,324	298,012	373,434	67,717	100,013	99,754

Deposits amounting to RM306,965,000 (31.12.2011: RM135,822,000; 1.1.2011: RM162,334,000) of the Group and RMnil (31.12.2011: RMnil; 1.1.2011: RM8,445,000) of the Company are pledged to licensed banks as security for banking facilities granted to certain subsidiaries and the Company as disclosed in Note 28.

Included in the cash and bank balances of the Group is an amount of RM4,590,000 (31.12.2011: RM3,660,000; 1.1.2011: RM922,000) maintained under the Housing Developers Accounts pursuant to the Housing Developers (HDA) Regulations 1991, which are restricted from use in other operations.

An amount of RM635,000 (31.12.2011: RM635,000; 1.1.2011: RM212,000) held in an interest reserve account by a subsidiary was pledged to the bank for borrowings by the Group as disclosed in Note 28.

The weighted average effective interest rates as at 31 December 2012 for the Group and the Company were 0.8% (31.12.2011: 1.3%; 1.1.2011: 3.2%) and 3.0% (31.12.2011: 2.9%; 1.1.2011: 2.8%) respectively.

The average maturities of fixed deposits for both the Group and the Company as at reporting date were 30 days (31.12.2011: 30 days; 1.1.2011: 30 days).

24. CASH AND BANK BALANCES (CONT'D.)

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

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cash and deposits with licensed banks	468,324	298,012	373,434	67,717	100,013	99,754
Bank overdrafts (Note 28)	(1,618)	(2,182)	(3,049)	(61)	-	(150)
Deposits pledged	(306,965)	(135,822)	(162,334)	-	-	(8,445)
Cash and bank balances of discontinued operation	-	11,705	-	-	-	-
Cash and cash equivalents	159,741	171,713	208,051	67,656	100,013	91,159

25. TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current						
Trade payables						
- Third parties	44,952	40,931	59,234	-	-	133
Other payables	122,965	117,336	123,975	633	2,692	1,732
Amounts due to related parties						
- Non-controlling interests of a subsidiary	1,972	1,887	1,803	-	-	-
- A company related to a person connected to a director	7,713	7,382	7,050	-	-	-
- Jointly-controlled entities	-	-	945	-	-	-
- Subsidiaries	-	-	-	6,384	60,988	53,066
	177,602	167,536	193,007	7,017	63,680	54,931

25. TRADE AND OTHER PAYABLES (CONT'D.)

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current						
Other payables	5,800	5,855	5,727	-	-	-
Deferred revenue	2,000	-	-	2,000	-	-
	7,800	5,855	5,727	2,000	-	-
Total trade and other payables	185,402	173,391	198,734	9,017	63,680	54,931

(a) Trade payables

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

(b) Amounts due to related parties

(i) Amounts due to non-controlling interests of a subsidiary bears interest at 6.5% (31.12.2011: 6.5%; 1.1.2011: 6.5%) per annum during the year is unsecured, and repayable on demand.

(ii) In the previous financial years, the amounts due to jointly-controlled entities were subject to interest at 7.5% per annum. These amounts were unsecured and repayable on demand.

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

(c) Other payables

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

(d) Deferred revenue

This amount relates to the call option agreement entered into between the Company with Teladan Kuasa Sdn. Bhd. as disclosed in Note 38(v).

26. OTHER CURRENT LIABILITIES

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Deferred revenue - advance billings on property sales	34,392	7,821	6,407

27. PROVISION FOR LIABILITIES

	Group	
	2012	2011
	RM'000	RM'000
Provision for staff benefits		
At 1 January	16,494	14,603
Provision for the year	15,410	16,716
Payments during the year	(15,628)	(15,169)
Exchange adjustments	(129)	344
At 31 December	16,147	16,494

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Analysed as:			
Current	12,758	12,639	11,078
Non-current	3,389	3,855	3,525
	16,147	16,494	14,603

Provision for staff benefits accrues to employees in a subsidiary in Australia who are entitled to a three-month paid leave after having served ten years of continuous employment.

28. LOANS AND BORROWINGS

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non current						
Finance lease liabilities						
- secured	6,662	4,579	29,575	-	-	-
Bonds - secured	286,236	116,618	266,727	-	-	-
Term loans						
- secured	507,145	100,487	783,399	-	-	-
	800,043	221,684	1,079,701	-	-	-
Current						
Finance lease liabilities						
- secured	6,407	12,264	11,534	-	-	-
Bank overdraft						
- secured	1,557	2,182	2,899	-	-	-
- unsecured	61	-	150	61	-	150
Bonds - secured	3,011	154,596	2,886	-	-	-
Bill payables - secured	17,545	-	-	-	-	-
Revolving credit						
- secured	181,389	1,100	-	-	-	-
Term loans						
- secured	241,408	718,604	184,772	-	-	-
	451,378	888,746	202,241	61	-	150
	1,251,421	1,110,430	1,281,942	61	-	150

(a) Obligations under finance lease and hire purchase

These obligations are secured by the leased assets as disclosed in Note 11. The finance lease and hire purchase payables were subjected to interest ranging from 7.20% to 8.30% (31.12.2011: 7.50% to 8.90%; 1.1.2011: 5.56% to 8.90%) per annum during the financial year.

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

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

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

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

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

(v) Pledge of properties under development of certain subsidiaries as disclosed in Note 20;

(vi) Deposits of the Company and certain subsidiaries and an interest reserve account of a subsidiary, as disclosed in Note 24;

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

(viii) Pledge over current investment securities.

28. LOANS AND BORROWINGS (CONT'D.)

(c) Bonds

(i) During the year, a subsidiary in Labuan issued zero-coupon bonds at a discount with a 8.71% yield to maturity and repayable in September 2014. This subsidiary had previously in 2010 issued zero-coupon bonds with a 10% yield to maturity and this bonds were fully repaid in June 2012. The existing bonds are secured by corporate guarantee by the Company.

(ii) A subsidiary in Australia issued bonds that have an effective interest rate of 8.15% (31.12.2011: 8.10%; 1.1.2011: 8.80%) per annum and is payable quarterly in arrears. These bonds are secured against the freehold property of a subsidiary as disclosed in Note 11(i).

(d) Finance lease liabilities

Finance lease liabilities are payables as follows:

Group

	Future minimum lease payments 2012 RM'000	Interest 2012 RM'000	Present value of minimum lease payments 2012 RM'000	Future minimum lease payments 2011 RM'000	Interest 2011 RM'000	Present value of minimum lease payments 2011 RM'000
Less than one year	6,407	678	5,577	12,264	1,101	12,111
Between one and five years	6,662	799	6,576	4,579	404	4,443
	13,069	1,477	12,153	16,843	1,505	16,554

29. SHARE CAPITAL AND TREASURY SHARES

	Group/Company			
	Number of ordinary shares of RM0.50 each		Amount	
Authorised share capital	2012 '000	2011 '000	2012 RM'000	2011 RM'000
At 1 January/31 December	4,000,000	4,000,000	2,000,000	2,000,000

	Group/Company			
	Number of ordinary shares of RM0.50 each		Amount	
Issued and fully paid	Share capital '000	Treasury shares '000	Share capital RM'000	Treasury shares RM'000
At 1 January 2011	2,355,913	(11,056)	1,177,957	(5,442)
Purchase of treasury shares	-	(33,333)	-	(13,910)
At 31 December 2011/1 January 2012	2,355,913	(44,389)	1,177,957	(19,352)
Purchase of treasury shares	-	(114,396)	-	(46,903)
At 31 December 2012	2,355,913	(158,785)	1,177,957	(66,255)

29. SHARE CAPITAL AND TREASURY SHARES (CONT'D.)

(a) Share capital

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

(b) Treasury shares

Under the Company's current share buyback scheme approved by its shareholders, the Company proposed to purchase up to a maximum of 235,591,315 ordinary shares of RM0.50 each. The purpose of the scheme is to allow the Company to buy back its shares when the market does not fully reflect the value of its shares.

As at 31 December 2012, the details of the Company's share purchase, resale transactions and share cancellation were as follows:

Year		Number of shares purchased/ (resold)	Total consideration RM'000	Average price RM
2005	Purchased	33,956,100	19,919	0.587
2006	Purchased	38,711,900	31,356	0.810
2007	Purchased	39,632,600	59,818	1.509
2007	Resold	(75,733,000)	(56,452)	
2008	Purchased	40,415,400	43,358	1.073
2009	Purchased	32,000	14	0.438
		77,015,000	98,013	
2009	Cancelled	(77,015,000)		
		-		
2010	Purchased	11,055,700	5,442	0.490
2011	Purchased	33,333,500	13,910	0.417
2012	Purchased	114,396,400	46,903	0.410
		158,785,600	66,255	

29. SHARE CAPITAL AND TREASURY SHARES (CONT'D.)

(b) Treasury shares (cont'd.)

During the financial year, the Company purchased 114,396,400 shares from the open market as follows:

Month	Number of shares purchased	Total consideration RM'000	Highest price RM	Lowest price RM	Average price RM
January	5,000	2	0.395	0.395	0.400
February	4,400,000	1,977	0.460	0.420	0.449
March	8,685,600	3,689	0.420	0.425	0.425
April	12,523,300	5,479	0.420	0.446	0.438
May	9,420,100	3,945	0.402	0.435	0.419
June	3,056,200	1,253	0.403	0.415	0.410
July	1,330,200	544	0.405	0.410	0.409
August	2,650,700	1,065	0.396	0.410	0.402
September	7,870,900	3,088	0.385	0.397	0.392
October	5,712,900	2,303	0.410	0.395	0.403
November	25,308,300	10,214	0.410	0.390	0.404
December	33,433,200	13,344	0.400	0.390	0.399
	114,396,400	46,903			

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

Of the total 2,355,913,158 (31.12.2011: 2,355,913,158; 1.1.2011: 2,355,913,158) issued and fully paid ordinary shares as at 31 December 2012, 158,785,600 (31.12.2011: 44,389,200; 1.1.2011: 11,055,700) are held as treasury shares.

Subsequent to the financial year and up to the date of this report, the Company repurchased 28,817,100 of its issued and paid up ordinary shares from the open market at an average price of RM0.388 per share. The total consideration paid for repurchase including transaction costs was RM11,193,735. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

30. RESERVES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000 (restated)	1.1.2011 RM'000 (restated)	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-distributable						
Revaluation reserve	-	3,289	3,888	-	-	-
Exchange reserve	347,815	345,035	330,237	-	-	-
Capital reserve	110,033	110,081	110,205	108,228	108,228	108,228
Other reserve	(2,993)	(9,086)	(6,118)	107	107	-
	454,855	449,319	438,212	108,335	108,335	108,228

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

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

(a) Revaluation reserve

In the previous years, this reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of land.

(b) Exchange reserve

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

(c) Capital reserve

This reserve includes:

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

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

(d) Other reserve

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

31. DEFERRED TAX LIABILITIES

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

Group
Deferred tax liabilities

	Accelerated capital allowances RM'000	Revaluation of land RM'000	Fair value adjustment RM'000	Receivables and others RM'000	Total RM'000
At 1 January 2011	28,624	4,575	30,821	150,219	214,239
Recognised in profit or loss	3,182	-	(53)	(25,686)	(22,557)
Transfer to assets held for sale	(2,165)	-	156	(1,696)	(3,705)
Exchange adjustments	636	-	-	(3,631)	(2,995)
At 31 December 2011/ at 1 January 2012	30,277	4,575	30,924	119,206	184,982
Recognised in profit or loss	10,833	(4,575)	4,458	(13,195)	(2,479)
Recognised in equity	-	-	(3,925)	1,809	(2,116)
Attributable to discontinued operation	-	-	(31,457)	-	(31,457)
Exchange adjustments	(349)	-	-	(1,976)	(2,325)
At 31 December 2012	40,761	-	-	105,844	146,605

Deferred tax assets

	Provision for liabilities and other payables RM'000	Unabsorbed capital allowances RM'000	Fair value adjustment RM'000	Tax losses RM'000	Total RM'000
At 1 January 2011	(57,487)	(40)	-	(79,949)	(137,476)
Recognised in profit or loss	(21,386)	-	-	39,218	17,832
Recognised in equity	20	-	-	-	20
Transfer to assets held for sale	-	-	-	1,174	1,174
Exchange adjustments	7,701	-	-	(1,198)	6,503
At 31 December 2011 1 January 2012	(71,152)	(40)	-	(40,755)	(111,947)
Recognised in profit or loss	18,229	-	-	(7,416)	10,813
Recognised in equity	-	-	(467)	-	(467)
Exchange adjustments	(13,606)	-	-	426	(13,180)
At 31 December 2012	(66,529)	(40)	(467)	(47,745)	(114,781)

31. DEFERRED TAX LIABILITIES (CONT'D.)

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

	Group	
	2012	2011
	RM'000	RM'000
At 1 January	73,035	76,763
Recognised in profit or loss	8,334	(4,725)
Recognised in equity	(2,583)	1,303
Attributable to discontinued operation	(31,457)	(2,531)
Exchange adjustments	(15,505)	2,225
At 31 December	31,824	73,035

Presented after appropriate offsetting as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Deferred tax liabilities	146,605	184,982	214,239
Deferred tax assets	(114,781)	(111,947)	(137,476)
Net deferred tax liabilities	31,824	73,035	76,763

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

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	68,671	144,288	153,599	335	335	335
Unabsorbed capital allowances	14,685	4,045	6,306	3,573	3,353	3,302
Other deductible temporary differences	52,021	35,150	32,854	-	-	-
	135,377	183,483	192,759	3,908	3,688	3,637

31. DEFERRED TAX LIABILITIES (CONT'D.)

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in a subsidiary against which the Group can utilise the benefits there from.

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

32. DERIVATIVE LIABILITIES/(ASSETS)

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Derivatives held for market trading at fair value			
- Forward exchange contracts	(21)	(44)	-
- Currency options contracts	2,136	-	-
	2,115	(44)	-

Forward exchange and currency option contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than functional currencies of Group entities. All the forward exchange and currency options have maturities less than one year after the end of the reporting period. Where necessary, the forward exchange contracts and currency options contracts are rolled over at maturity.

33. SEGMENT INFORMATION

Business segments

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

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

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

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

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

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

33. SEGMENT INFORMATION (CONT'D.)

Business segments (cont'd.)

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

	Property (include disposal group)		Hospitality		Investment and others		General trading (discontinued)		Adjustments and eliminations			Per consolidated financial statements	
	2012 RM'000	2011 RM'000 (restated)	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	Note	2012 RM'000	2011 RM'000 (restated)
Revenue:													
External customers	107,850	207,261	431,115	428,284	1,482	1,497	4,814	60,287	(4,975)	(60,287)	(i)	540,286	637,042
Inter-segment	11,748	-	-	-	2,480	2,402		2,783	(14,228)	(5,185)	(ii)	-	-
Total revenue	119,598	207,261	431,115	428,284	3,962	3,899	4,814	63,070	(19,203)	(65,472)		540,286	637,042
Results:													
Impairment of goodwill	-	-	-	2,997	-	-	-	-	-	-		-	2,997
Impairment of property, plant and equipment	-	-	63,879	58,930	-	-	-	-	-	-		63,879	58,930
Writedown of inventories	68,248	146	-	-	-	-	-	-	-	-		68,248	146
Reversal of impairment loss on inventories	(682)	(8,253)	-	-	-	-	-	-	-	-		(682)	(8,253)
Share of results of associates and jointly-controlled entities	-	-	-	-	(52,905)	30,536	-	-	(221,116)	71,312	(iii)	(274,021)	101,848
Depreciation and amortisation	13,373	16,952	46,083	38,675	4,474	2,992	1,169	13,019	(1,169)	(13,019)	(i)	63,930	58,619
Segment (loss)/profit	(78,626)	29,526	(58,465)	(54,006)	(11,965)	219,290	(87)	2,075	(352,837)	(25,233)	(iii)	(501,980)	171,652
Assets:													
Investments in associates and jointly-controlled entities	-	-	-	-	862,484	860,708	-	-	371,565	524,379	(iv)	1,234,049	1,385,087
Additions to non-current assets *	5,802	31,135	24,491	93,986	12,300	14,814	-	62,480	-	-		42,593	202,415
Segment assets	1,152,008	1,426,187	1,759,559	1,092,041	2,308,142	2,960,083		171,251	(1,167,515)	(1,068,550)	(iv)	4,052,194	4,581,012
Segment liabilities	836,702	1,185,812	1,529,997	701,078	658,603	1,100,630	-	112,725	(1,495,320)	(1,623,086)	(v)	1,529,982	1,477,159

* Addition to non-current assets consist of additions to property, plant and equipment and investment properties.

33. SEGMENT INFORMATION (CONT'D.)

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

(i) Results from discontinued operations are eliminated on consolidation and presented under a separate line in the profit or loss.

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

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

	2012 RM'000	2011 RM'000
Share of results of associates and jointly-controlled entities	(221,116)	71,312
Unallocated corporate expenses	(91,720)	(91,883)
Segment results of discontinued operation	(40,001)	(4,662)
	(352,837)	(25,233)

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

	2012 RM'000	2011 RM'000
Income tax recoverable	1,208	949
Inter-segment assets	(1,523,452)	(1,646,713)
Investments in associates and jointly-controlled entities	371,565	524,379
Unallocated assets	(16,836)	52,835
	(1,167,515)	(1,068,550)

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

	2012 RM'000	2011 RM'000
Deferred tax liabilities	31,824	73,035
Income tax payable	8,681	6,513
Inter-segment liabilities	(1,523,420)	(1,821,764)
Unallocated liabilities	(12,405)	119,130
	(1,495,320)	(1,623,086)

33. SEGMENT INFORMATION (CONT'D.)

Geographical segments

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

Continuing operations:

Australia - mainly property development and investments and hotels.
Vietnam - service apartments ownership and operation.
Malaysia - property development and investments and investments in securities.

Discontinued operations:

Singapore - trading and rental of construction equipments.
Hong Kong - trading and rental of construction equipments.

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

	Revenue		Non-current assets		
	2012 RM'000	2011 RM'000 (restated)	31.12.2012 RM'000	31.12.2011 RM'000 (restated)	1.1.2011 RM'000 (restated)
Australia	475,797	511,090	1,337,287	1,532,022	1,464,095
Malaysia	57,243	118,654	291,372	435,292	503,515
Vietnam	7,246	7,298	14,815	16,522	17,163
Hong Kong	-	-	-	-	11,675
Singapore	-	-	-	-	56,337
	540,286	637,042	1,643,474	1,983,836	2,052,785

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

	31.12.2012 RM'000	31.12.2011 RM'000 (restated)	1.1.2011 RM'000 (restated)
Property, plant and equipment	1,096,840	1,290,373	1,320,637
Investment properties	29,746	21,216	21,419
Prepaid land lease	1,094	1,148	1,181
Goodwill	9,137	9,137	15,071
Inventories	506,657	661,962	694,477
	1,643,474	1,983,836	2,052,785

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL") - Designated upon initial recognition ("DUIR");
(c) Available-for-sale financial assets ("AFS"); and
(d) Other financial liabilities measured at amortised cost ("FL").

31 December 2012	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - DUIR RM'000	AFS RM'000
Financial assets				
Group				
Investment securities	47,420	-	9,414	38,006
Trade and other receivables	224,546	224,546	-	-
Cash and cash bank balances	468,324	468,324	-	-
	740,290	692,870	9,414	38,006
Company				
Investment securities	880	-	-	880
Trade and other receivables	747,653	747,653	-	-
Cash and cash bank balances	67,717	67,717	-	-
	816,250	815,370	-	880
Financial liabilities				
Group				
Loans and borrowings	(1,251,421)	(1,251,421)	-	-
Trade and other payables	(185,402)	(185,402)	-	-
Derivative financial liabilities	(2,115)	-	(2,115)	-
	(1,438,938)	(1,436,823)	(2,115)	-
Company				
Loans and borrowings	(61)	(61)	-	-
Trade and other payables	(7,017)	(7,017)	-	-
	(7,078)	(7,078)	-	-

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.1 Categories of financial instruments (cont'd.)

31 December 2011	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - DUIR RM'000	AFS RM'000
Financial assets				
Group				
Investment securities	40,494	-	10,633	29,861
Trade and other receivables	220,971	220,971	-	-
Cash and cash bank balances	298,012	298,012	-	-
Derivative assets	44	-	44	-
	559,521	518,983	10,677	29,861
Company				
Investment securities	827	-	-	827
Trade and other receivables	1,126,881	1,126,881	-	-
Cash and cash bank balances	100,013	100,013	-	-
	1,227,721	1,226,894	-	827
Financial liabilities				
Group				
Loans and borrowings	(1,110,430)	(1,110,430)	-	-
Trade and other payables	(173,391)	(173,391)	-	-
	(1,283,821)	(1,283,821)	-	-
Company				
Trade and other payables	(63,680)	(63,680)	-	-

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.1 Categories of financial instruments (cont'd.)

1 January 2011	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - DUIR RM'000	AFS RM'000
Financial assets				
Group				
Investment securities	11,431	-	9,236	2,195
Trade and other receivables	202,186	202,186	-	-
Cash and cash bank balances	373,434	373,434	-	-
	587,051	575,620	9,236	2,195
Company				
Investment securities	720	-	-	720
Trade and other receivables	1,101,944	1,101,944	-	-
Cash and cash bank balances	99,754	99,754	-	-
	1,202,418	1,201,698	-	720
Financial liabilities				
Group				
Loans and borrowings	(1,281,942)	(1,281,942)	-	-
Trade and other payables	(198,734)	(198,734)	-	-
	(1,480,676)	(1,480,676)	-	-
Company				
Loans and borrowings	(150)	(150)	-	-
Trade and other payables	(54,931)	(54,931)	-	-
	(55,081)	(55,081)	-	-

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Designated upon initial recognition	2,692	(456)	-	-
- Derivatives	2,587	-	-	-
Available-for-sale financial assets				
- Recognised in other comprehensive income	6,557	(2,971)	-	107
- Recognised in profit or loss, net	(10,405)	-	-	-
Loans and receivables				
- Receivables, net	4,766	(28,303)	-	-
- Cash and bank balances	(5,578)	(5,886)	(3,435)	(2,343)
Financial liabilities measured at amortised cost	66,194	93,811	6	101
	66,813	56,195	(3,429)	(2,135)

34.3 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

34.4 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.4 Credit risk (cont'd.)

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

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

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
31 December 2012			
Not past due	46,072	-	46,072
Past due 1 to 30 days	6,857	-	6,857
Past due 31 to 60 days	6,890	-	6,890
Past due more than 60 days	45,291	23,006	22,285
	105,110	23,006	82,104

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.4 Credit risk (cont'd.)

Receivables (cont'd.)

Impairment losses (cont'd.)

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
31 December 2011			
Not past due	45,774	-	45,774
Past due 1 to 30 days	7,306	-	7,306
Past due 31 to 60 days	6,212	-	6,212
Past due more than 60 days	38,187	29,064	9,123
	97,479	29,064	68,415
1 January 2011			
Not past due	109,810	-	109,810
Past due 1 to 30 days	10,149	-	10,149
Past due 31 to 60 days	2,462	-	2,462
Past due more than 60 days	15,580	9,827	5,753
	138,001	9,827	128,174

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
Trade receivables	**2012 RM'000**	**2011 RM'000**
At 1 January	29,064	9,827
Impairment loss recognised	-	20,947
Impairment loss reversed	(4,766)	(915)
Impairment loss written off	(1,115)	(915)
Exchange adjustment	(177)	332
Attributable to discontinued operation	-	(212)
At 31 December	23,006	29,064

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.4 Credit risk (cont'd.)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with reputable financial institutions. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties for investments and other financial assets.

The investments and other financial assets are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the investments are not recoverable.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral (contingencies)

The maximum exposure to credit risk amounts to RM201,433,000 (31.12.2011: RM201,120,000; 1.1.2011: RM167,723,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

Guarantees and letters of credit given to third parties and share of guarantees and letters of credit given to third-parties entered into by a jointly-controlled entity held by the Group amounted to RM98,126,000 (31.12.2011: RM14,706,000; 1.1.2011: RM13,889,000) and RM10,049,000 (31.12.2011: RM10,049,000; 1.1.2011: RM12,357,000) respectively.

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.4 Credit risk (cont'd.)

Financial guarantees (cont'd.)

Exposure to credit risk, credit quality and collateral (contigencies) (cont'd.)

As at the end of the reporting period, there was no indication that any subsidiary nor the jointly-controlled entity held by the Group would default on repayment.

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

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in Note 21. The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Non-current loans to subsidiaries are not overdue.

34.5 Liquidity risk

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.5 Liquidity risk (cont'd.)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

31 December 2012	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
Group						
Non-derivative financial liabilities						
Bank overdraft						
- secured	1,557	7.95 - 8.60	1,557	1,557	-	-
- unsecured	61	8.60	61	61	-	-
Bonds - secured	289,247	8.15 - 8.71	313,533	3,011	207,993	102,529
Bills payable	17,545	7.39	17,545	17,545		
Trade and other payables	183,402	-	183,402	177,602	-	5,800
Revolving credit	181,389	3.90 - 4.72	181,389	181,389	-	-
Term Loans	748,553	3.63 - 8.10	773,216	241,408	531,808	
Finance lease liabilities	13,069	7.20 - 8.30	13,617	6,407	7,210	-
	1,434,823		1,484,320	628,980	747,011	108,329
Company						
Non-derivative financial liabilities						
Bank overdraft - unsecured	61	8.60	61	61	-	-

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.5 Liquidity risk (cont'd.)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
31 December 2011						
Group						
Non-derivative financial liabilities						
Bank overdraft - secured	2,182	8.35 - 8.60	2,182	2,182	-	-
Bonds - secured	271,214	8.10 - 10.00	361,091	169,539	45,071	146,481
Trade and other payables	173,391	-	173,993	168,138	-	5,855
Revolving credit	1,100	4.66	1,100	1,100	-	-
Term Loans	819,091	2.43 - 8.10	831,662	724,595	107,067	-
Finance lease liabilities	16,843	7.50 - 8.90	16,843	12,264	4,579	-
	1,283,821		1,386,871	1,077,818	156,717	152,336
1 January 2011						
Group						
Non-derivative financial liabilities						
Bank overdraft - secured	2,899	8.05 - 8.30	2,899	2,899	-	-
Bank overdraft - unsecured	150	7.65 - 8.30	150	150	-	-
Bonds - secured	269,613	7.29 - 10.00	382,474	11,023	217,131	154,320
Trade and other payables	198,734	-	199,309	193,582	-	5,727
Term Loans	968,171	2.53 - 8.05	1,019,703	186,216	832,848	639
Finance lease liabilities	41,109	5.56 - 8.90	46,432	12,966	33,466	-
	1,480,676		1,650,967	406,836	1,083,445	160,686
Company						
Non-derivative financial liabilities						
Bank overdraft - unsecured	150	7.65 - 8.30	150	150	-	-

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.6 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

34.6.1 Currency Risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar (AUD), Hong Kong Dollar (HKD), Great Britain Pound (GBP) and U.S. Dollar (USD).

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	HKD	**GBP**	**AUD**	**USD**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2012				
Bank Loans	-	-	(266,868)	-
Short term deposits	107,318	787	-	201,383
Net exposure	107,318	787	(266,868)	201,383

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.6 Market risk (cont'd.)

34.6.1 Currency risk (cont'd.)

Exposure to foreign currency risk (cont'd.)

			Denominated in			
	HKD	GBP	EUR	AUD	USD	VND
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2011						
Trade receivables	-	-	-	-	47	429
Trade payables	-	-	(1,561)	-	(6,649)	-
Other payables	(6,146)	-	-	-	(1,643)	(130)
Bank loans	-	-	-	(86,229)	(6,340)	-
Short-term deposits	10,143	96	-	-	130,808	144
Net exposure	3,997	96	(1,561)	(86,229)	116,223	443

		Denominated in		
	EUR	AUD	USD	VND
	RM'000	**RM'000**	**RM'000**	**RM'000**
1 January 2011				
Trade receivables	-	-	217	341
Trade payables	(1,526)	-	(8,531)	-
Other payables	-	-	(141)	-
Bank loans	-	(148,189)	(9,270)	-
Short-term deposits	37	-	82,906	58
Net exposure	(1,489)	(148,189)	65,181	399

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.6 Market risk (cont'd.)

34.6.1 Currency risk (cont'd.)

Exposure to foreign currency risk (cont'd.)

The Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	HKD	SGD	AUD	USD
Company	RM'000	RM'000	RM'000	RM'000
31 December 2012				
Amounts due from/(to) subsidiaries	270,642	-	261,972	78,060
31 December 2011				
Amounts due from/(to) subsidiaries	283,653	(563)	158,848	36,007
1 January 2011				
Amounts due from/(to) subsidiaries	277,769	(1,340)	142,607	-

Currency risk sensitivity analysis

A 5% (2011: 5%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or loss	
	2012	2011
Group	RM'000	RM'000
HKD	4,024	150
AUD	(10,008)	(3,234)
USD	7,552	4,358
Company		
HKD	10,149	10,637
AUD	9,824	5,957
USD	2,927	1,350

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.6 Market risk (cont'd.)

34.6.1 Currency risk (cont'd.)

Currency risk sensitivity analysis (cont'd.)

A 5% weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

The exposure to currency risk of the Group on EUR, GBP, VND and SGD is not material and hence, sensitivity analysis is not presented.

34.6.2 Interest rate risk

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

The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Fixed rate instrument						
Financial liabilities	(302,316)	(377,934)	(428,906)	(61)	-	(150)
Floating rate instrument						
Financial liabilities	(949,105)	(732,496)	(853,036)	-	-	-

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.6 Market risk (cont'd.)

34.6.2 Interest rate risk (cont'd.)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or loss	
	50 bp	**50 bp**
Group	**increase**	**decrease**
2012	**RM'000**	**RM'000**
Floating rate instruments	3,618	3,618
2011		
Floating rate instruments	4,121	4,121

34.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

34.6 Market risk (cont'd.)

34.6.3 Other price risk (cont'd.)

Equity price risk sensitivity analysis

A 10% (2011: 10%) increase in equity and debt securities market prices at the end of the reporting period would have increased equity by RM3,299,000 (2011: RM2,811,000) for investment classified as available for sale and post-tax profit or loss by RM706,000 (2011: RM797,000) for investments classified as fair value through profit or loss. A 10% (2011: 10%) weakening in equity and debt securities market prices would have had equal but opposite effect on equity and profit or loss respectively.

34.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31.12.2012		31.12.2011		1.1.2011	
Group	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair Value RM'000
Quoted shares	3,288	3,288	3,146	3,146	4,738	4,738
Quoted bonds	32,800	32,800	27,901	27,901	27,901	27,901
Forward exchange contracts:						
Asset	21	21	44	44	-	-
Currency option contracts:						
Liability	(2,136)	(2,136)	-	-	-	-
Loans and borrowings	(1,251,421)	(1,132,621)	(1,110,430)	(1,097,612)	(1,281,942)	(1,191,546)
	(1,217,448)	(1,098,648)	(1,079,339)	(1,066,521)	(1,249,303)	(1,158,907)

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.7 Fair value of financial instruments (cont'd.)

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Derivatives

The fair value of forward exchange contracts and currency option contracts is based on their quoted price by certain licensed banks.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	31.12.2012 %	31.12.2011 %	1.1.2011 %
Loans and borrowings	3.63 - 8.60	4.66 - 10.00	2.53 - 10.00
Finance leases	7.20 - 8.30	7.50 - 8.90	5.56 - 8.90

34.7.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.7 Fair value of financial instruments (cont'd.)

34.7.1 Fair value hierarchy (cont'd.)

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2012				
Financial assets				
Financial assets at fair value through profit or loss:				
Quoted shares				
- In Malaysia	536	-	-	536
- Foreign	2,559	-	-	2,559
Unquoted investment funds	-	6,319	-	6,319
Available-for-sale financial assets:				
Foreign quoted shares	193	-	-	193
Foreign quoted bonds	32,800	-	-	32,800
Unquoted shares				
- In Malaysia	-	-	835	835
- Foreign	-	-	4,178	4,178
Forward exchange contracts	-	21	-	21
	36,088	6,340	5,013	47,441
Financial liabilities				
Currency option contracts	-	2,136	-	2,136
31 December 2011				
Financial assets				
Financial assets at fair value through profit or loss:				
Quoted shares				
- In Malaysia	535	-	-	535
- Foreign	2,402	-	-	2,402
Unquoted investment funds	-	7,696	-	7,696
Available-for-sale financial assets:				
Foreign quoted shares	209	-	-	209
Foreign quoted bonds	27,901	-	-	27,901
Unquoted shares				
- In Malaysia	-	-	784	784
- Foreign	-	-	967	967
Forward exchange contracts	-	44	-	44
	31,047	7,740	1,751	40,538

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.7 Fair value of financial instruments (cont'd.)

34.7.1 Fair value hierarchy (cont'd.)

Company	**Level 3 RM'000**
31 December 2012	
Financial assets	
Available-for-sale financial assets	
Unquoted shares	
- In Malaysia	835
- Foreign	45
	880
31 December 2011	
Financial assets	
Available-for-sale financial assets	
Unquoted shares	
- In Malaysia	784
- Foreign	43
	827

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Group	**2012 RM'000**
Balance at 1 January	1,751
Total losses recognised in profit or loss:	
Attributable to losses relating to assets that have been realised	50
Total gains and losses recognised in other comprehensive income	(136)
Purchases	3,701
Disposed	(353)
Balance at 31 December	5,013

35. CAPITAL MANAGEMENT

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

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

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

Group	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Loans and borrowings (Note 28)	1,251,421	1,110,430	1,281,942
Trade and other payables (Note 25)	185,402	173,391	198,734
Less: Cash and bank balances (Note 24)	(468,324)	(298,012)	(373,434)
Financial liabilities, attributable to discontinued operations, net of cash and bank balances	-	75,239	-
Net debt	968,499	1,061,048	1,107,242
Equity attributable to the owners of the Company	2,487,286	3,004,896	2,817,154
Less: Capital reserves	(110,033)	(110,081)	(110,205)
Total capital	2,377,253	2,894,815	2,706,949
Capital and net debt	3,345,752	3,955,863	3,814,191
Gearing ratio	29%	27%	29%

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

36. COMMITMENTS

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
(i) Capital expenditure						
Contracted but not provided for	3,897	4,628	19,617	-	347	-
(ii) Properties held for sale						
Contracted but not provided for	-	-	28,769	-	-	-
(iii) Non-cancellable operating lease commitments - Group as lessee						
Future minimum rentals payable:						
- Not later than 1 year	5,721	6,498	6,311	-	-	-
- Later than 1 year but not later than 5 years	16,878	13,615	13,566	-	-	-
- Later than 5 years	95,598	76,538	66,953	-	-	-
	118,197	96,651	86,830	-	-	-
(iv) Non-cancellable operating lease commitments - Group as lessor						
Future minimum rentals receivable:						
- Not later than 1 year	12,953	30,522	20,235	-	-	-
- Later than 1 year but not later than 5 years	52,101	50,471	48,283	-	-	-
- Later than 5 years	41,929	53,768	65,307	-	-	-
	106,983	134,761	133,825	-	-	-

37. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates, jointly-controlled entities and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 21 and 25.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
A. Subsidiaries				
Management fee income	-	-	627	2,558
Interest income	-	-	13,553	12,753
Dividend income	-	-	5,547	1,749
Rental expense	-	-	107	-
Management fee expense	-	-	1,102	-
B. Associates				
Rental income	2,634	3,032	-	-
Dividend income	35,253	40,434	-	3,347
C. Jointly-controlled entities				
Dividend income	25,680	15,650	-	-
D. Other related parties				
Non-controlling interests of a subsidiary				
- Interest expense	490	490	-	-
A company related to a person connected to a director:				
- Interest expense	390	390	-	-
A firm related to a director:				
- Legal fees	225	63	225	63

37. RELATED PARTIES (CONT'D.)

Identity of related parties (cont'd.)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
E. Key management personnel				
Directors				
- Remuneration	1,941	1,944	637	1,944
- Fees	328	281	325	272
- Pension costs - defined contribution plan	204	214	78	214
- Estimated money value of benefits-in-kind	107	97	36	97
	2,580	2,536	1,076	2,527
Other key management personnel				
- Remuneration	24,505	21,464	264	548
- Pension costs - defined contribution plan	844	1,858	22	55
	25,349	23,322	286	603

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

38. SIGNIFICANT EVENTS

(i) Proposed rights issue by Mulpha Land Berhad

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

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

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

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

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

38. SIGNIFICANT EVENTS (CONT'D.)

(i) Proposed rights issue by Mulpha Land Berhad (cont'd.)

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

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

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

On 18 October 2012, MLB has made a withdrawal of the extension of time applied to BMSB on 19 September 2012 and has decided not to proceed with the above mentioned proposal.

(ii) Disposals of Manta Holdings Limited and Bestari Sepang Sdn Bhd

Details of the disposal of Manta Holdings Limited and Bestari Sepang Sdn Bhd are respectively disclosed in Notes 9(a)(i) and 9(a)(ii) to the financial statements.

(iii) Loss on deconsolidation of Sanctuary Cove Golf and Country Club Holdings Limited

Details of the loss on deconsolidation of Sanctuary Cove Golf and Country Club Holdings Limited are disclosed in Note 14 to the financial statements.

(iv) Additional investment cost in associates

Details of the additonal investment cost in associates are disclosed in Note 15 to the financial statements.

(v) Call option agreement between Mulpha International Bhd ("MIB") and Teladan Kuasa Sdn Bhd

MIB has entered into a call option agreement ("Call Option Agreement") on 17 May 2012 with Teladan Kuasa Sdn Bhd ("Option Holder") to grant the Option Holder the right to require MIB to sell to the Option Holder up to 30,000,000 ordinary shares of RM0.10 each ("Option Shares") in Mulpha Land Berhad ("MLB") at an exercise price of RM1.16 per Option Share ("Call Option"). The Option Holder has paid MIB a non-refundable cash consideration of RM2,000,000 upon execution of the Call Option Agreement. MLB is a 70.54% owned subsidiary of MIB.

The Option Holder is entitled to exercise the Call Option at any time during the period commencing from the date falling three (3) months after the date of the Call Option Agreement and ending on the day immediately preceding the third anniversary of the Call Option Agreement.

At 31 December 2012, the exercise of the Call Option appears remote, therefore no value has been ascribed to the Call Option.

39. DETAILS OF SUBSIDIARIES

The subsidiaries are as follows:-

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiaries of Mulpha International Bhd					
Asian Fame Development Limited [2]	Hong Kong	Investment holding	100	100	100
AF Investments Limited [2]	Hong Kong	Investment holding	100	100	100
Leisure Farm Corporation Sdn. Bhd.	Malaysia	Property ownership and development	100	100	100
Menara Mulpha Sdn. Bhd.	Malaysia	Property ownership	100	100	100
Mulpha Land & Property Sdn. Bhd.	Malaysia	Project management and ownership, development and marketing of property	100	100	100
Mulpha Ventures Sdn. Bhd.	Malaysia	Trading in securities and treasury management services	100	100	100
Mulpha Capital Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100	100
Mulpha Far East Sdn. Bhd.	Malaysia	Management services	100	100	100
Mulpha Infrastructure Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100	100
Mulpha Land Berhad (listed on Bursa Securities)	Malaysia	Investment holding, property development and property investment	71	71	71
Mulpha Australia Limited [1]	Australia	Investment holding	100	100	100
Mulpha Group Services Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100	100
Mulpha SPV Limited	Malaysia (Labuan)	Issuance of medium term notes	100	100	100

39. DETAILS OF SUBSIDIARIES (CONT'D.)

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiaries of Mulpha International Bhd (cont'd.)					
Rosetec Investments Limited	British Virgin Islands	Investment holding	100	100	100
Bestari Sepang Sdn Bhd [3]	Malaysia	Investment holding	-	100	100
Ekspo Melaka Sdn. Bhd.[5]	Malaysia	Property ownership and development	-	100	70
Benteng Horticulture Sdn. Bhd. [5]	Malaysia	Investment holding	-	-	100
Trans Pelita Sdn. Bhd. [5]	Malaysia	Investment holding	-	-	100
Abad Teknik Sdn. Bhd. [5]	Malaysia	Inactive	-	-	100
Atlantic Downstream Sdn. Bhd. [5]	Malaysia	Inactive	-	-	100
Pacific Upflow Sdn. Bhd. [5]	Malaysia	Inactive	-	-	100
Subsidiary of AF Investments Limited					
Indochine Park Tower [2]	Vietnam	Owner and operator of service apartments	70	70	70
Subsidiaries of Leisure Farm Corporation Sdn. Bhd.					
Leisure Farm Horticulture Services Sdn. Bhd.	Malaysia	Maintenance and upkeep of landscape services	100	100	100
Evergreen Homestead Sdn. Bhd.	Malaysia	Inactive	100	100	100
Leisure Farm Equestrian Sdn. Bhd.	Malaysia	Inactive	100	100	100
Leisure Farm Polo Club Berhad	Malaysia	Dormant	100	100	100

39. DETAILS OF SUBSIDIARIES (CONT'D.)

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiaries of Mulpha Land Berhad					
Bukit Punchor Development Sdn. Bhd.	Malaysia	Property development	70	70	70
Dynamic Unity Sdn. Bhd.	Malaysia	Investment holding	100	100	100
Indahview Sdn. Bhd.	Malaysia	Investment holding and property investment	100	100	100
MLB Quarry Sdn. Bhd.	Malaysia	Operation of a quarry plant	60	60	60
Mulpha Argyle Property Sdn. Bhd.	Malaysia	Property development	51	51	51
Asas Struktur Sdn. Bhd. [5]	Malaysia	Inactive	-	100	100
Pintar Citra Sdn. Bhd. [5]	Malaysia	Inactive	-	100	100
Prudent Gain Sdn. Bhd. [5]	Malaysia	Inactive	-	84	84
Prudent Design Sdn. Bhd. [5]	Malaysia	Inactive	-	51	51
Mega Pascal EC Sdn. Bhd. [5]	Malaysia	Dormant	-	100	100
Subsidiary of Dynamic Unity Sdn. Bhd.					
Golden Cignet Sdn. Bhd.	Malaysia	Property development	100	100	100
Subsidiaries of Mulpha Capital Holdings Sdn. Bhd.					
Mulpha Capital Markets Sdn. Bhd.	Malaysia	Provision of financial services	100	100	100
Indahview Capital Partners Sdn. Bhd. [5] (formerly known as Mulpha Capital Partners Sdn. Bhd.)	Malaysia	Investment holding	-	100	100
Mulpha Capital Asset Management Sdn. Bhd.	Malaysia	Dormant	70	70	70

39. DETAILS OF SUBSIDIARIES (CONT'D.)

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiary of Mulpha Capital Markets Sdn. Bhd.					
Mulpha Credit Sdn. Bhd.	Malaysia	Licensed money lender	100	100	100
Subsidiaries of Mulpha Group Services Sdn. Bhd.					
Mulpha Strategic Limited	British Virgin Islands	Investment holding and funds management	100	100	100
Mulpha Properties (M) Sdn. Bhd.	Malaysia	Property ownership and management	100	100	100
Manta Equipment (Malaysia) Sdn. Bhd. [7]	Malaysia	Inactive	70	70	-
Manta Far East Sdn. Bhd.[4]	Malaysia	Investment holding	-	-	100
MIB Pte. Ltd. [2][5]	Singapore	Marketing of property	-	100	100
Subsidiary of Manta Far East Sdn. Bhd.					
Manta Equipment (Malaysia) Sdn. Bhd. [7]	Malaysia	Inactive	-	-	70
Subsidiary of Bestari Sepang Sdn. Bhd.					
Spanstead Sdn. Bhd. [3]	Malaysia	Investment holding	-	100	100
Subsidiary of Spanstead Sdn. Bhd.					
Seri Ehsan (Sepang) Sdn. Bhd. [3]	Malaysia	Property development	-	65	65
Subsidiaries of Mulpha Australia Limited					
Bimbadgen Estate Pty. Limited [1]	Australia	Winery & vineyard	100	100	100
Mulpha Aviation Australia Pty. Limited [1]	Australia	Dormant	100	100	100

39. DETAILS OF SUBSIDIARIES (CONT'D.)

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiaries of Mulpha Australia Limited (cont'd)					
Mulpha Australia Holdings Pty. Limited [1]	Australia	Investment holding	100	-	-
Mulpha Hotel (Melbourne) Pty. Limited [1]	Australia	Property ownership	100	100	100
Caldisc Pty. Limited [1]	Australia	Administration	100	100	100
Enacon Parking Pty. Limited [1]	Australia	Car park operator	100	100	100
HD Diesels Pty. Limited [1]	Australia	Investment holding	100	100	100
HD (Qld) Pty. Limited [1][5]	Australia	Investment holding	-	100	100
Mulpha Investments Pty. Limited [1]	Australia	Investment holding	100	100	100
Mulpha Sanctuary Cove Pty. Limited [1]	Australia	Investment holding	100	100	100
Mulpha Hotel Investments (Australia) Pty. Limited [1]	Australia	Investment holding	100	100	100
Mulpha Hotel Melbourne Trust [1]	Australia	Property ownership	100	100	100
Mulpha (SPV1) Pty. Limited [1]	Australia	Investment holding	100	100	100
Mulpha Hotel Management Pty. Limited [1]	Australia	Investment holding	100	100	100
HDFI Nominees Pty. Limited [1]	Australia	Nominee services	100	100	100
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited					
Mulpha Sanctuary Cove (Developments) Pty. Limited [1]	Australia	Property ownership and development	100	100	100
Mulpha Sanctuary Cove (Management) Pty. Limited [1]	Australia	Property management	100	100	100
Sanctuary Cove (Real Estate) Pty. Limited [1]	Australia	Real estate	100	100	100

39. DETAILS OF SUBSIDIARIES (CONT'D.)

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited (cont'd.)					
Sanctuary Cove No. 3 Holdings Pty. Limited [1]	Australia	Dormant	100	100	100
Sanctuary Cove No. 4 Holdings Pty. Limited [1]	Australia	Dormant	100	100	100
Sanctuary Cove No. 5 Holdings Pty. Limited [1]	Australia	Dormant	100	100	100
Sanctuary Cove No. 6 Holdings Pty. Limited [1]	Australia	Dormant	100	100	100
Subsidiaries of Mulpha Sanctuary Cove (Developments) Pty. Limited					
Mulpha Sanctuary Cove (Alpinia) Pty. Limited [1]	Australia	Land ownership	100	100	-
Sanctuary Cove Golf and Country Club Holdings Limited [1][8]	Australia	Investment holding and property ownership	-	32	32
Subsidiary of Sanctuary Cove Golf and Country Club Holdings Limited					
Sanctuary Cove Golf and Country Club Pty. Limited [1] [8]	Australia	Operation of a club	-	32	32
Subsidiary of HD Diesels Pty. Limited					
Salzburg Apartments (Perisher Valley) Pty. Limited [1]	Australia	Investment holding	100	100	100
Subsidiary of Tank Stream Brewing Company Pty. Limited					
Real Ale Brewers Holdings Pty. Limited [1][5]	Australia	Investment holding	-	100	100

39. DETAILS OF SUBSIDIARIES (CONT'D.)

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiaries of Mulpha Hotel Investments (Australia) Pty. Limited					
Mulpha Hotels Holdings Trust [1]	Australia	Investment holding	100	100	100
Mulpha Hotels Holdings Pty. Ltd. [1]	Australia	Trustee	100	100	100
Subsidiaries of Mulpha Hotels Holdings Pty. Ltd.					
Mulpha Hotels Australia Pty. Ltd. [1]	Australia	Investment holding	100	100	100
Mulpha Transport House Pty. Limited [1]	Australia	Property ownership	100	100	100
Mulpha Hotel Sydney Trust [1]	Australia	Property ownership	100	100	100
Mulpha Hotel Operations Pty. Limited [1]	Australia	Hotelier	100	-	-
Subsidiary of Mulpha Australia Holdings Pty. Limited					
Mulpha Hotel (Sydney) Pty. Limited [1]	Australia	Property ownership	100	100	100
Subsidiary of Mulpha Hotels Holdings Trust					
Mulpha Hotels Australia Trust [1]	Australia	Investment holding	100	100	100
Subsidiaries of Mulpha Hotels Australia Trust					
Mulpha Hotel Pty. Limited [1]	Australia	Hotelier	100	100	100
Mulpha Hotel Trust [1]	Australia	Property ownership	100	100	100
Subsidiaries of Mulpha Hotel Trust					
Hotel Land Trust [1]	Australia	Land ownership	100	100	100
Mulpha Hotel Bonds (Holdings) Pty. Limited [1]	Australia	Investment holding	100	100	100
Bistrita Pty. Ltd. [1]	Australia	Trustee	100	100	100

39. DETAILS OF SUBSIDIARIES (CONT'D.)

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty. Limited					
Mulpha Hotel Bonds Pty. Limited [1]	Australia	Bond holder	100	100	100
Subsidiaries of HD (Qld) Pty. Limited					
HDFI Pty. Limited [1][5]	Australia	Finance company and investment holding	-	100	100
Tank Stream Brewing Company Pty. Limited [1][5]	Australia	Investment holding	-	100	100
Subsidiary of HDFI Pty. Limited					
CapInvest Pty. Limited [1][5]	Australia	Investment holding	-	100	100
Subsidiary of Real Ale Brewers Holdings Pty. Limited					
Tank Stream Group Pty. Limited [1][5]	Australia	Investment holding	-	100	100
Subsidiary of Tank Stream Group Pty. Limited					
Tank Stream (Darling Harbour) Pty. Limited [1][5]	Australia	Inactive	-	100	100
Subsidiary of Mulpha Strategic Limited					
Jumbo Hill Group Limited	British Virgin Islands	Investment holding	100	100	100
Subsidiary of Jumbo Hill Group Limited					
Manta Holdings Company Limited [3]	Cayman Islands	Investment holding	-	75	75

39. DETAILS OF SUBSIDIARIES (CONT'D.)

	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2012 %	31.12.2011 %	1.12.2011 %
Subsidiaries of Manta Holdings Company Limited					
Chief Strategy Limited [3]	British Virgin Islands	Investment holding	-	100	100
Gold Lake Holdings Limited [3]	British Virgin Islands	Investment holding	-	100	100
Subsidiaries of Chief Strategy Limited					
Manta Engineering & Equipment Company Limited [3]	Hong Kong	Trading in construction machinery and spare parts	-	100	100
Manta Equipment Rental Company Limited [3]	Hong Kong	Rental of construction machinery	-	100	100
Manta Equipment Services Limited [3]	Hong Kong	Investment holding	-	100	100
Subsidiary of Gold Lake Holdings Limited					
Manta Equipment (S) Pte. Ltd. [3]	Singapore	Trading and rental of construction machinery	-	100	100
Subsidiaries of Manta Equipment Rental Company Limited					
Manta - Vietnam Construction Equipment Leasing Limited [3]	Vietnam	Leasing of construction equipment	-	67	67
Manta Engineering & Equipment (Macau) Company Limited [3]	Macau	Leasing of construction equipment	-	100	100
Subsidiaries of Manta Equipment (S) Pte. Ltd.					
Manta Services (S) Pte. Ltd. [3]	Singapore	Provision of engineering services	-	100	100
Manta Engineering Pte. Ltd. [2][6]	Singapore	Dormant	-	-	100

39. DETAILS OF SUBSIDIARIES (CONT'D.)

[1] Subsidiaries audited by other member firms of KPMG International
[2] Subsidiaries not audited by other member firms of KPMG International
[3] Subsidiaries disposed of during the financial year
[4] Subsidiaries disposed of in the previous financial year
[5] Subsidiaries under deregistration/members' winding up
[6] Subsidiary struck off during the previous financial year
[7] Subsidiary was transferred from Manta Far East Sdn. Bhd. to Mulpha Group Services Sdn. Bhd.
[8] Subsidiary of which control ceased during the financial year

40. EXPLANATION TO TRANSITION TO MFRSs

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 January 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of the cause of the adjustments are as follows:

(a) Property, plant and equipment

Under FRSs, the Group had availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. A building was revalued in 1983 and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs, the Group continued to elect the cost model in measuring its property, plant and equipment and elected to restate the revalued building to its original cost.

(b) Prepaid lease payments

Under FRSs, the Group measured prepaid lease payments on leasehold land in accordance with the transitional provision in FRS 117, Leases. The transitional provision allowed the Group to carry the previously revalued leasehold land at the unamortised revalued amount when the Group first applied FRS 117 in 2006. This transitional provision is not available under MFRS 117.

Upon transition to MFRSs, the revalued prepaid lease payments were restated to its original cost.

40. EXPLANATION TO TRANSITION TO MFRS (CONT'D.)

40.1 Reconciliation of income statement for the year ended 31 December 2011

	FRSs RM'000 (restated)	Group Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	637,042	-	637,042
Other income	437,205	-	437,205
Changes in inventories of finished goods and work-in-progress	(658)	-	(658)
Property work-in-progress expensed	(132,440)	-	(132,440)
Finished goods and raw materials used	(52,185)	-	(52,185)
Employee benefits expenses	(226,873)	-	(226,873)
Depreciation and amortisation	(58,714)	95	(58,619)
Other expenses	(439,857)	-	(439,857)
Operating profit	163,520	95	163,615
Finance costs	(93,811)	-	(93,811)
Share of profit of associates	77,675	-	77,675
Share of profit of jointly-controlled entities	24,173	-	24,173
Profit before tax	171,557	95	171,652
Income tax expense	(3,074)	-	(3,074)
Profit net of tax from continuing operations	168,483	95	168,578
Discontinued operation			
Profit net of tax from discontinued operation	7,603	-	7,603
Profit net of tax	176,086	95	176,181
Other comprehensive income:			
Foreign currency translation differences for foreign operations and share of other comprehensive income of associates	31,021	-	31,021
Fair value movement of available-for-sale financial assets	(2,971)	-	(2,971)
Revaluation of land and building	7	-	7
Share of other comprehensive income of associates	-	-	-
Reserves of discontinued operations and dissolution of subsidiaries reclassified to profit or loss	-	-	-
Other comprehensive income	28,057	-	28,057
Total comprehensive income for the year	204,143	95	204,238

The FRS figures have been restated arising from the discontinued operations as disclosed in Note 9.

40. EXPLANATION TO TRANSITION TO MFRS (CONT'D.)

40.2 Reconciliation of financial position

	Group			Group		
	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
	<----------------1 January 2011		--------------->	<--------------31 December 2011		------------>
Assets						
Non-current assets						
Property, plant and equipment	1,321,606	(969)	1,320,637	1,291,315	(942)	1,290,373
Investment properties	21,419	-	21,419	21,216	-	21,216
Prepaid land lease payments	4,004	(2,823)	1,181	3,915	(2,767)	1,148
Investment in associates	1,124,845	-	1,124,845	1,189,634	-	1,189,634
Investment in jointly-controlled entities	179,975	-	179,975	195,453	-	195,453
Investment securities	2,195	-	2,195	29,861	-	29,861
Other investment	2,888	-	2,888	2,888	-	2,888
Goodwill	15,071	-	15,071	9,137	-	9,137
Inventories	694,477	-	694,477	661,962	-	661,962
Trade and other receivables	7,071	-	7,071	7,228	-	7,228
Other non-current assets	5,141	-	5,141	179	-	179
	3,378,692	(3,792)	3,374,900	3,412,788	(3,709)	3,409,079
Current assets						
Inventories	356,024	-	356,024	399,436	-	399,436
Trade and other receivables	195,115	-	195,115	213,743	-	213,743
Other current assets	38,646	-	38,646	19,209	-	19,209
Investment securities	9,236	-	9,236	10,633	-	10,633
Derivative assets	-	-	-	44	-	44
Income tax recoverable	1,897	-	1,897	949	-	949
Cash and bank balances	373,434	-	373,434	298,012	-	298,012
	974,352	-	974,352	942,026	-	942,026

40. EXPLANATION TO TRANSITION TO MFRS (CONT'D.)

40.2 Reconciliation of financial position (cont'd.)

	FRSs RM'000	Group Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Group Effect of transition to MFRSs RM'000	MFRSs RM'000
	<----------------1 January 2011		--------------->	<---------------31 December 2011		------------>
Current assets (cont'd.)						
Non-current assets assets classified held for sale	164,352	-	164,352	63,872	-	63,872
Assets of disposal group classified as held for sale	-	-	-	166,035	-	166,035
	1,138,704	-	1,138,704	1,171,933	-	1,171,933
Total assets	4,517,396	(3,792)	4,513,604	4,584,721	(3,709)	4,581,012
Equity and liabilities						
Equity attributable to equity holders of the Company						
Share capital	1,177,957	-	1,177,957	1,177,957	-	1,177,957
Share premium	579,863	-	579,863	579,863	-	579,863
Treasury shares	(5,442)	-	(5,442)	(19,352)	-	(19,352)
Reserves	441,123	(2,911)	438,212	452,172	(2,853)	449,319
Retained earnings/ (accumulated losses)	626,474	90	626,564	808,851	95	808,946
Reserve of disposal group classified as held for sale	-	-	-	8,163	-	8,163
	2,819,975	(2,821)	2,817,154	3,007,654	(2,758)	3,004,896
Non-controlling interest	97,516	-	97,516	98,957	-	98,957
Total equity	2,917,491	(2,821)	2,914,670	3,106,611	(2,758)	3,103,853

40. EXPLANATION TO TRANSITION TO MFRS (CONT'D.)

40.2 Reconciliation of financial position (cont'd.)

	Group FRSs RM'000	Group Effect of transition to MFRSs RM'000	Group MFRSs RM'000	Group FRSs RM'000	Group Effect of transition to MFRSs RM'000	Group MFRSs RM'000
	<----------------1 January 2011		--------------->	<--------------31 December 2011		------------>
Non-current liabilities						
Trade and other payables	5,727	-	5,727	5,855	-	5,855
Provision for liabilities	3,525	-	3,525	3,855	-	3,855
Loans and borrowings	1,079,701	-	1,079,701	221,684	-	221,684
Deferred tax liabilities	77,734	(971)	76,763	73,986	(951)	73,035
	1,166,687	(971)	1,165,716	305,380	(951)	304,429
Current liabilities						
Trade and other payables	193,007	-	193,007	167,536	-	167,536
Other current liabilities	6,407	-	6,407	7,821	-	7,821
Provision for liabilities	11,078	-	11,078	12,639	-	12,639
Loans and borrowings	202,241	-	202,241	888,746	-	888,746
Income tax payable	8,756	-	8,756	6,513	-	6,513
	421,489	-	421,489	1,083,255	-	1,083,255
Liabilities classified as held for sale	11,729	-	11,729	-	-	-
Liabilities of disposal group classified as held for sale	-	-	-	89,475	-	89,475
	433,218	-	433,218	1,172,730	-	1,172,730
Total liabilities	1,599,905	(971)	1,598,934	1,478,110	(951)	1,477,159
Total equity and liabilities	4,517,396	(3,792)	4,513,604	4,584,721	(3,709)	4,581,012

40.3 Material adjustments to the statements of cash flows for 2011

There are no material differences between the statement of cash flows presented under MFRSs and the statement of cash flows presented under FRSs.

41. COMPARATIVE FIGURES

Certain comparative figures of the Group and Company have been reclassified to conform with current year's presentation.

42. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000 (restated)	RM'000	RM'000
Total retained earnings/ (accumulated losses)				
- Realised	769,832	941,705	(257,888)	(266,787)
- Unrealised	(36,215)	(33,252)	(14,732)	(14,341)
Total share of retained earnings/ (accumulated losses) from associates				
- Realised	188,548	143,779	-	-
- Unrealised	22	387	-	-
- Breakdown unavailable *	(482,118)	(120,737)	-	-
Total share of retained earnings from jointly-controlled entities				
- Realised	32,000	49,711	-	-
- Unrealised	1,006	1,353	-	-
	473,075	982,946	(272,620)	(281,128)
Less: Consolidation adjustments	(132,209)	(174,000)	-	-
Total retained earnings/ (accumulated losses) as per consolidated accounts	340,866	808,946	(272,620)	(281,128)

* There is no separate disclosure shown between the realised and unrealised profit/losses components for the Group's associates, FKP Property Group and Rotol Singapore Ltd., as such classification is not governed by the reporting requirements in their respective local jurisdictions.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 41 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 42 on page 161 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

LEE SENG HUANG

LAW CHIN WAT

Petaling Jaya, Selangor
24 April 2013

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

I, Lee Eng Leong, the officer primarily responsible for the financial management of Mulpha International Bhd, do solemnly and sincerely declare that the financial statements set out on pages 41 to 161 are, to the best of my knowledge and belief, 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 above named LEE ENG LEONG
at Petaling Jaya in the State of Selangor
on 24 April 2013.

LEE ENG LEONG

Before me,

COMMISSIONER FOR OATHS
NO. B 064
N. MADHAVAN NAIR
MALAYSIA

N. MADHAVAN NAIR
Commissioner of Oaths
Petaling Jaya

70 JALAN SS 2/60
47300 PETALING JAYA
SELANGOR.

INDEPENDENTS AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULPHA INTERNATIONAL BHD
(Company No. 19764-T)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Mulpha International Bhd, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 160.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with MFRSs, IFRSs and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 39 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULPHA INTERNATIONAL BHD (CONT'D.)
(Company No. 19764-T)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements (Cont'd.)

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

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification nor any adverse comment made under Section 174(3) of the Act.

Other reporting responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 42 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the MFRSs or IFRSs. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other matters

The financial statements of the Group and of the Company as at and for the year ended 31 December 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 24 April 2012.

As stated in Note 2.1 to the financial statements, Mulpha International Bhd adopted MFRSs and IFRSs on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the income statements, statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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.

KPMG
FIRM NUMBER: AF0758
Chartered Accountants

CHEW BENG HONG
Approval Number: 2920/02/14(J)
Chartered Accountant

Petaling Jaya, Selangor
24 April 2013

Material Properties of the Group
as at 31 December 2012

	Location	Year of acquisition/ completion	Tenure	Year lease expiring	Age of building	Land area/ built up area	Description	Net Book Value RM'000
1.	117, Macquarie Street Sydney NSW, Australia	2004	Freehold	_	27 years	3,909.00 sq. metres	5 star hotel (509 rooms)	605,236
2.	Lot 679, 7, 8, 1141 and 1514 Mukim Pulai and Tanjung Kupang Daerah Johor Bahru	1991	Freehold	_	_	389.00 hectares	Land being used for a resort and recreation/ commercial development	351,269
3.	Sanctuary Cove Gold Coast, Brisbane Queensland, Australia	2002	Freehold	_	_	145.95 hectares	Integrated resort with hotel, clubhouse, marina and residential development	365,446
4.	Hayman Island Great Barrier Reef Queensland, Australia	2004	Leasehold	Perpetuity	24 years	292.48 hectares	5 star island resort (244 rooms)	149,098
5.	99, Macquarie Street Sydney NSW, Australia	2004	Freehold	_	74 years	1,600.00 sq. metres	Commercial property	122,510
6.	Geran 23566, 23567 & 12881 Lot No. 350, 351 & 9992 Bandar dan Daerah Kuala Lumpur	2007	Freehold	_	_	1.02 hectares	Land to be used for residential development	45,623
7.	Unit 1, 2, 5, 6 & 7 Enklaf Bangsar Jalan Medang Tanduk Bukit Bandaraya, Bangsar Kuala Lumpur	2012	Freehold	_	*	3,855.85 sq. metres	3 storey bungalows	42,403
8.	Lot 84-89, 696, 908 and 2991 Mukim Pulai Daerah Johor Bahru	2011	Freehold	_	_	41.79 hectares	Land to be used for mixed residential development	38,199
9.	Lot 1524 HS(D) 3059/95 Padang Meha Kulim, Kedah	1996	Freehold	_	_	48.97 hectares	Land being used for residential, commercial and industrial development	28,951
10.	McDonalds Road Palmers Lane Pokolbin, Lower Hunter Valley NSW, Australia	1996	Freehold	_	36 years	90.84 hectares	Winery and vineyard	21,838

* Less than 1 year.

Note: The list of properties above shows the particulars of the top 10 properties in terms of highest net book value as at the end of the financial year.

ANALYSIS OF SHAREHOLDINGS
AS AT 25 APRIL 2013

Authorised Share Capital	: RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each
Issued and Paid-up Share Capital	: RM1,177,956,579 divided into 2,355,913,158 ordinary shares of RM0.50 each
Class of Shares	: Ordinary shares of RM0.50 each
Voting Rights	: 1) One vote per shareholder on a show of hands 2) One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	712	2.26	22,701	0.00
100 - 1,000	4,894	15.55	4,592,683	0.21
1,001 - 10,000	16,730	53.17	82,758,102	3.80
10,001 - 100,000	7,968	25.32	262,834,246	12.08
100,001 - 108,777,836 (Less than 5% of issued shares)	1,159	3.69	1,020,694,977	46.92
108,777,837 (5%) and above	3	0.01	804,654,049	36.99
	31,466	100.00	2,175,556,758*	100.00*

* Excludes 180,356,400 treasury shares retained by the Company as per the Record of Depositors.

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%*
1.	Nautical Investments Limited	503,380,000	23.14
2.	Magic Unicorn Limited	183,899,949	8.45
3.	AIBB Nominees (Asing) Sdn Bhd - Sun Hung Kai Investment Services Limited for Honest Opportunity Limited	117,374,100	5.40
4.	Cartaban Nominees (Asing) Sdn Bhd - Sun Hung Kai Investment Services Ltd for Top Champ Assets Limited	91,935,000	4.23
5.	Klang Enterprise Sendirian Berhad	64,906,600	2.98
6.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Vista Power Sdn Bhd	64,638,333	2.97
7.	Yong Pit Chin	48,153,000	2.21
8.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Bank of New York Mellon (Mellon Acct)	37,792,000	1.74
9.	HLIB Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	34,632,781	1.59
10.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	31,898,200	1.47
11.	Vista Power Sdn Bhd	25,363,700	1.17
12.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	18,691,727	0.86

THIRTY LARGEST SHAREHOLDERS (CONT'D.)

No.	Name of Shareholders	No. of Shares	%*
13.	ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for CIMB Islamic Trustee Berhad for Libra Value Opportunity Fund	17,500,000	0.80
14.	Nautical Investments Limited	17,448,000	0.80
15.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	16,003,666	0.74
16.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for HSBC Private Bank (Suisse) S.A. (Hong Kong AC CL)	13,200,000	0.61
17.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	9,435,400	0.43
18.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	9,333,300	0.43
19.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	8,873,400	0.41
20.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for UBS AG Singapore (Foreign)	8,474,200	0.39
21.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Hwang Asia Quantum Fund	7,500,000	0.34
22.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	7,265,365	0.33
23.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga B)	6,362,000	0.29
24.	ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Siew Wah	6,275,000	0.29
25.	Cimsec Nominees (Asing) Sdn Bhd - Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	5,196,796	0.24
26.	Tan Hua Tong	4,800,000	0.22
27.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank NA, Singapore (Julius Baer)	4,476,900	0.21
28.	Tan Kok Teong	4,439,000	0.20
29.	Maybank Nominees (Asing) Sdn Bhd - G.K. Goh Strategic Holdings Pte Ltd	4,000,000	0.18
30.	HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for City of New York Group Trust	3,690,400	0.17

* Excludes 180,356,400 treasury shares retained by the Company as per the Record of Depositors.

SUBSTANTIAL SHAREHOLDERS

	<-------------Direct------------>		<-------------Indirect------------>	
Name of Shareholders	**No. of Shares**	**% ***	**No. of Shares**	**% ***
Nautical Investments Limited	520,828,000	23.94	-	-
Magic Unicorn Limited	183,899,949	8.45	-	-
Mountbatten Corporation	-	-	520,828,000 [a]	23.94
Mount Glory Investments Limited	-	-	704,727,949 [b]	32.39
Yong Pit Chin	48,153,000	2.21	771,634,549 [c]	35.47
Lee Seng Huang	-	-	819,787,549 [d]	37.68
Honest Opportunity Limited	117,374,100	5.40	-	-
Mackenzie Cundill Investment Management Ltd	156,544,100	7.20	-	-

DIRECTORS' SHAREHOLDING IN MULPHA INTERNATIONAL BHD

	<-------------Direct------------>		<-------------Indirect------------>	
Name of Directors	**No. of Shares**	**% ***	**No. of Shares**	**% ***
Lee Seng Huang	-	-	819,787,549 [d]	37.68
Dato' Robert Chan Woot Khoon	50,000	0.002	-	-

By virtue of Lee Seng Huang's substantial interest in the shares of Mulpha International Bhd, he is also deemed interested in the shares of the subsidiaries to the extent that Mulpha International Bhd has an interest.

DIRECTOR'S SHAREHOLDING IN THE SUBSIDIARY OF MULPHA INTERNATIONAL BHD (BUKIT PUNCHOR DEVELOPMENT SDN BHD)

	<-------------Direct------------>		<-------------Indirect------------>	
Name of Director	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Robert Chan Woot Khoon	1,800,000	30	-	-

Notes:

[a] Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholding in Nautical Investments Limited.

[b] Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its shareholdings in Mountbatten Corporation and Magic Unicorn Limited.

[c] Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of her shareholdings in Mount Glory Investments Limited and Klang Enterprise Sdn Bhd.

[d] Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his family relationship with Yong Pit Chin and his shareholding in Klang Enterprise Sdn Bhd.

* Excludes 180,356,400 treasury shares retained by the Company as per the Record of Depositors.

NOTICE OF 39TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting of Mulpha International Bhd will be held on Tuesday, 25 June 2013 at 2.30 p.m. at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Directors' and Auditors' Reports thereon. **(Please refer to Explanatory Note A)**

2. To re-elect the following Directors who retire by rotation pursuant to Article 101 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
   (a) Lee Seng Huang **(Ordinary Resolution 1)**
   (b) Kong Wah Sang **(Ordinary Resolution 2)**

3. To consider and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-
   (a) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Lim Say Chong who is over the age of 70 years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 3)**
   (b) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Robert Chan Woot Khoon who is over the age of 70 years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 4)**

4. To approve the payment of Directors' fees amounting to RM325,000 for the financial year ended 31 December 2012. **(Ordinary Resolution 5)**

5. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION:**
   Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

   "THAT subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 7)**

7. **ORDINARY RESOLUTION:**
   Proposed Renewal of Authority to Allot and Issue Shares pursuant to the Company's Dividend Reinvestment Plan

   "THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 27 June 2011, the Directors be and are hereby authorised to allot and issue new ordinary shares of RM0.50 each in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting of the Company, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company.

   THAT the Directors and the Secretary be and are hereby authorised to do all such acts and enter into all such transactions, agreements, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan, with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or at the discretion of the Directors in the best interest of the Company." **(Ordinary Resolution 8)**

8. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

"THAT subject to compliance with the Companies Act, 1965, the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

(a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time; and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the Company's share premium account.

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

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

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

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

whichever occurs first.

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

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." **(Ordinary Resolution 9)**

9. **ORDINARY RESOLUTION:**
Continuing in Office as Independent Non-Executive Director

"THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given to Kong Wah Sang, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012." **(Ordinary Resolution 10)**

By Order of the Board

LEE ENG LEONG (MIA 7313)
LEE SUAN CHOO (MAICSA 7017562)
Company Secretaries

Petaling Jaya
31 May 2013

NOTES:

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Securities Berhad to issue a Record of Depositors as at **17 June 2013** and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

EXPLANATORY NOTE A

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item on the agenda is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. **Ordinary Resolution 7 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   The proposed Ordinary Resolution 7 is to empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company, such as investment(s), acquisition of asset(s) or working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The Company did not issue any shares pursuant to the mandate granted last year. Nevertheless, a renewal of the mandate is sought to avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

2. **Ordinary Resolution 8 - Proposed Renewal of Authority to Allot and Issue Shares pursuant to the Company's Dividend Reinvestment Plan**

   The proposed Ordinary Resolution 8 will give authority to the Directors to allot and issue new ordinary shares in the Company from time to time as may be required under the Company's Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting of the Company. A renewal of this authority will be sought at the subsequent Annual General Meeting.

3. **Ordinary Resolution 9 - Proposed Renewal of Authority for the Purchase by the Company of its Own Shares**

   The details on the proposed renewal of authority for the purchase by the Company of its own shares are set out in the Share Buy-back Statement dated 31 May 2013.

4. **Ordinary Resolution 10 - Continuing in Office as Independent Non-Executive Director**

   The proposed Ordinary Resolution 10 is to seek the shareholders' approval to retain Kong Wah Sang who has served on the Board for a cumulative term of more than 9 years, as an Independent Non-Executive Director of the Company. The Board has via the Nomination Committee, assessed the independence of Kong Wah Sang and recommended him to continue to serve as an Independent Non-Executive Director based on the following justifications:-

   i) Mr Kong fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he would be able to function as a check and balance to the Board.

   ii) Mr Kong performed his duties diligently and in the best interest of the Company and brings an element of objectivity and independent judgment to the Board without being subject to influence of the management.

   iii) Based on the Director's Peer Evaluation undertaken by the Board, Mr Kong has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board meetings and understanding of the role and responsibilities of an Independent Director.

This page has been left blank intentionally.

MULPHA INTERNATIONAL BHD (19764-T)

Incorporated in Malaysia

PROXY FORM

No. of Shares held	
CDS Account No.	

I/We ______________________________ NRIC No./Company No. ____________________ Tel No. ______________

of ____

being a member of the Company, hereby appoint ____

NRIC No. ____________________ of ____ and/or

______________________________ NRIC No. ____________________ of ________________________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 39th Annual General Meeting of the Company to be held on **Tuesday, 25 June 2013** at **2.30 pm** at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	Re-election of Lee Seng Huang		
Resolution 2	Re-election of Kong Wah Sang		
Resolution 3	Re-appointment of Dato' Lim Say Chong		
Resolution 4	Re-appointment of Dato' Robert Chan Woot Khoon		
Resolution 5	Approval of the payment of Directors' fees		
Resolution 6	Re-appointment of KPMG as Auditors		
Resolution 7	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed renewal of authority to allot and issue shares pursuant to the Company's Dividend Reinvestment Plan		
Resolution 9	Proposed renewal of authority for the purchase by the Company of its own shares		
Resolution 10	Continuing in office as Independent Non-Executive Director – Kong Wah Sang		

Dated this_______day of ____________ 2013

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:-		
	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100 %

____

Signature of Member

Common Seal *(for Corporate Members)*

NOTES:

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member to speak at the meeting.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of its officer duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PH2, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Securities Berhad to issue a Record of Depositors as at **17 June 2013** and only members whose names appear in the Record of Depositors shall be entitled to attend, speak and vote at this meeting.

FOLD THIS FLAP TO SEAL

2ND FOLD HERE

AFFIX
STAMP
HERE

The Company Secretary
MULPHA INTERNATIONAL BHD (19764-T)
PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1ST FOLD HERE

CORPORATE DIRECTORY

1. **Mulpha International Bhd**
PH1, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

T (+603) 7718 6288
www.mulpha.com.my

2. **Mulpha Land Berhad**
PH1, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

T (+603) 7718 6288
www.mulphaland.com.my

3. **Leisure Farm Resort**
D'rimbunan Sales and Information Center
No.8, Jalan Peranginan, Leisure Farm
81560, Gelang Patah, Johor
Malaysia

T (+607) 556 3003
www.leisurefarm.com.my

4. **Mulpha Australia Limited**
L5, 99 Macquarie Street Sydney
New South Wales 2000
Australia

T (+612) 9239 5500
www.mulpha.com.au

5. **Sanctuary Cove**
PO Box 199
Sanctuary Cove, Queensland 4212
Australia

T (+617) 5577 6500
www.sanctuarycove.com

6. **Norwest Business Park**
Baulkham Hills, New South Wales 2153
Australia

www.norwestbusinesspark.com.au/

7. **Hayman Island**
Great Barrier Reef
Queensland 4801
Australia

T (+617) 4940 1838
www.hayman.com.au

8. **InterContinental Sydney**
117, Macquarie Street
Sydney, New South Wales 2000
Australia

T (+612) 9253 9000
www.sydney.intercontinental.com

9. **InterContinental Sanctuary Cove Resort**
Manor Circle, Sanctuary Cove
Queensland 4212
Australia

T (+617) 5530 1234
www.intercontinental.com

10. **Bimbadgen**
790 McDonalds Road
Pokolbin New South Wales 2320
Australia

T (+612) 4998 4600
www.bimbadgen.com.au

11. **99 Macquarie Street**
99, Macquarie Street
Sydney 2000
Australia

T (+612) 9239 5500
www.99macquariestreet.com.au

12. **Hotel School Sydney**
Corner of Bridge and Macquarie Street
Sydney
New South Wales 2000
Australia

T (+612) 8249 3200
www.hotelschool.scu.edu.au

13. **Marritz Alpine**
Kosciuszko Road, Perisher Valley
Kosciuszko National Park
New South Wales 2624
Australia

T (+602) 6457 5220
www.marritzalpine.com.au

14. **Salzburg Apartment**
Porcupine Road, Perisher Valley
Kosciuszko National Park
New South Wales 2624
Australia

T (+612) 6457 4000
www.salzburg.com.au

15. **Indochine Park Tower**
1 Le Quy Don
District 3, Ho Chi Minh City
Socialist Republic of Vietnam

T (+848) 3930 0200
www.indochinetower.com