ERNST & YOUNG

PERAK CORPORATION BERHAD

(210915-U)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2010

Ernst & Young

AF : 0039

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Perak Corporation Berhad
(Incorporated in Malaysia)

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activities of the Company consist of property and investment holding, real property development and provision of management services.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

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

Results

	Group RM	Company RM
Profit net of tax	32,345,641	4,841,621
Profit attributable to:		
Owners of the parent	17,755,398	4,841,621
Minority interests	14,590,243	-
	32,345,641	4,841,621

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

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Dividend

The amount of dividend paid by the Company since 31 December 2009 was as follows:

	RM
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:	
Ordinary final dividend of 2.5% less 25% taxation, on 100,000,000 ordinary shares, approved on 26 May 2010 and paid on 15 July 2010	1,875,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2010, of 2.5% less 25% taxation on 100,000,000 ordinary shares, amounting to a dividend payable of RM1,875,000 (1.88 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2011.

Directors

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

YB Dato' Nasarudin Bin Hashim
Wan Hashimi Albakri Bin Wan Ahmad Amin Jaffri
Tuan Haji Ab Rahman Bin Mohammed
Dato' Abd Karim Bin Ahmad Tarmizi
Dato' Dr Vasan A/L Sinnadurai
YB Dr Wan Norashikin Bt Wan Noordin

Directors' benefits

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

Directors' benefits (contd.)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 10 to the financial statements or the fixed salary of a full time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

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

	Number of ordinary shares of RM1 each			
The Company	**1 January 2010**	**Bought**	**Sold**	**31 December 2010**
Tuan Haji Ab Rahman Bin Mohammed - indirect*	5,000	-	-	5,000

**deemed interest through his spouse/issue*

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

Other statutory information

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

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

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

Other statutory information (contd.)

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

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

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

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

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

Significant and/or recurring events

The significant and/or recurring events during the financial year are as disclosed in Note 38 to the financial statements.

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Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2011.

YB Dato' Nasarudin Bin Hashim

Tuan Haji Ab Rahman Bin Mohammed

Ipoh, Perak Darul Ridzuan, Malaysia

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Perak Corporation Berhad
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Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, YB Dato' Nasarudin Bin Hashim and Tuan Haji Ab Rahman Bin Mohammed, being two of the directors of Perak Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 123 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Further to the statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the supplementary information set out in Note 45 on page 124 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2011.

YB Dato' Nasarudin Bin Hashim

Tuan Haji Ab Rahman Bin Mohammed

Ipoh, Perak Darul Ridzuan, Malaysia

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Harbhajan Singh A/L Ujagar Singh, AMP, PPT, being the officer primarily responsible for the financial management of Perak Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 123 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Harbhajan Singh A/L Ujagar Singh, AMP, PPT at Ipoh in the State of Perak Darul Ridzuan on 28 April 2011

Harbhajan Singh A/L Ujagar Singh, AMP, PPT

Before me,

No: A 181
NASARUDDIN BIN AHMAD

NO. 25, JALAN TUN SAMBANTHAN, 30000 IPOH, PERAK DARUL RIDZUAN.

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**Independent auditors' report to the members of
Perak Corporation Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Perak Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 123.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independent auditors' report to the members of Perak Corporation Berhad (contd.)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.

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

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

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Independent auditors' report to the members of Perak Corporation Berhad (contd.)

Other matters

The supplementary information set out in Note 45 on page 124 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material aspects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Loke Siew Heng
No. 2871/07/11 (J)
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 28 April 2011

Perak Corporation Berhad
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Statements of comprehensive income
for the financial year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
			(Restated)		
Continuing operations					
Revenue	3	103,498,122	95,135,706	16,012,498	11,285,429
Cost of sales	4	(40,128,512)	(39,538,452)	(8,532,602)	(593,880)
Gross profit		63,369,610	55,597,254	7,479,896	10,691,549
Other items of income					
Interest income	5	5,679,771	2,142,665	2,596,326	1,498,266
Dividend income from quoted investment		114,640	126,715	-	-
Other income	6	3,161,709	1,841,882	331,511	52,293
Other items of expense					
Sales and marketing expenses		-	(9,380)	-	-
Administrative expenses		(16,223,082)	(8,427,525)	(1,252,480)	(1,195,625)
Finance costs	7	(3,857,949)	(4,143,599)	(7,469)	(4,835)
Other expenses		(6,066,493)	(12,536,785)	(2,001,706)	(1,679,034)
Share of loss of associate		(1,437)	(3,505)	-	-
Profit before tax from continuing operations	8	46,176,769	34,587,722	7,146,078	9,362,614
Income tax expense	11	(13,831,128)	(9,349,222)	(2,304,457)	(2,615,888)
Profit from continuing operations, net of tax		32,345,641	25,238,500	4,841,621	6,746,726
Discontinued operations					
Loss from discontinued operations, net of tax	12	-	(2,339,038)	-	-
Profit net of tax		32,345,641	22,899,462	4,841,621	6,746,726
Other comprehensive income:					
Net gain on available-for sale financial assets					
- Gain on fair value changes		2,953,800	-	-	-
- Transfer to profit or loss upon disposal		(42,046)	-	-	-
		2,911,754	-	-	-
Total comprehensive income for the year		35,257,395	22,899,462	4,841,621	6,746,726

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Statements of comprehensive income
for the financial year ended 31 December 2010 (contd.)

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
			(Restated)		
Profit attributable to:					
Owners of the parent		17,755,398	11,807,061	4,841,621	6,746,726
Minority interests		14,590,243	11,092,401	-	-
		32,345,641	22,899,462	4,841,621	6,746,726
Total comprehensive income attributable to:					
Owners of the parent		20,667,152	11,807,061	4,841,621	6,746,726
Minority interests		14,590,243	11,092,401	-	-
		35,257,395	22,899,462	4,841,621	6,746,726
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	17.76	11.81		
Diluted	13	-	-		
Earnings per share from continuing operations attributable to owners of the parent (sen per share)					
Basic	13	17.76	14.15		
Diluted	13	-	-		
Loss per share from discontinued operations attributable to owners of the parent (sen per share)					
Basic	13	-	(2.34)		
Diluted	13	-	-		

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

Perak Corporation Berhad
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Statements of financial position
As at 31 December 2010

		Group			Company	
	Note	2010 RM	2009 RM (Restated)	1.1.2009 RM (Restated)	2010 RM	2009 RM
Assets						
Non-current assets						
Property, plant and equipment	14	47,652,365	38,730,034	87,024,171	10,113,876	10,205,410
Port facilities	15	86,445,961	87,114,327	86,081,247	-	-
Land held for property development	16	18,948,975	18,948,975	26,780,170	-	-
Investments in subsidiaries	17	-	-	-	175,117,720	6,702,000
Investments in associate	18	1,985,562	1,986,999	1,990,504	3,992,793	3,992,793
Other investments	19	33,016,341	16,341	-	16,341	16,341
Intangible assets	20	23,811,003	23,811,003	23,811,003	-	-
Other receivables	22	-	-	-	-	214,418,922
Deferred tax assets	30	-	2,319	729,394	-	-
		211,860,207	170,609,998	226,416,489	189,240,730	235,335,466
Current assets						
Property development costs	16	151,226,298	145,533,696	141,104,866	52,200,366	58,277,348
Inventories	21	5,662,670	5,988,563	15,432,495	-	-
Trade and other receivables	22	140,263,036	167,216,045	157,922,281	151,142,255	107,791,309
Other current assets	23	231,132	469,952	232,580	-	-
Tax recoverable		3	1,631,727	1,684,430	-	665,302
Other investments	19	-	8,655,546	8,528,831	-	-
Cash and bank balances	24	146,604,062	133,320,071	79,805,426	11,635,620	8,915,539
		443,987,201	462,815,600	404,710,909	214,978,241	175,649,498
Total assets		655,847,408	633,425,598	631,127,398	404,218,971	410,984,964

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Statements of financial position
As at 31 December 2010 (contd.)

		Group			Company	
		2010	2009	1.1.2009	2010	2009
	Note	RM	RM	RM	RM	RM
			(Restated)	(Restated)		
Equity and liabilities						
Current liabilities						
Retrenchment benefits	25	820,706	211,526	-	-	-
Retirement benefits	26	-	17,840	265,874	-	-
Loans and borrowings	27	77,282,883	65,268,001	65,243,059	60,031,337	60,015,492
Trade and other payables	29	38,808,915	46,797,395	49,152,149	10,418,259	19,567,543
Tax payable		1,697,750	3,014,276	1,240,303	578,385	-
		118,610,254	115,309,038	115,901,385	71,027,981	79,583,035
Net current assets		325,376,947	347,506,562	288,809,524	143,950,260	96,066,463
Non-current liabilities						
Retirement benefits	26	221,445	183,964	1,511,969	-	-
Loans and borrowings	27	40,363,593	45,379,829	50,551,030	80,895	42,478
Trade and other payables	29	-	-	-	-	1,215,977
Deferred tax liabilities	30	5,340,164	5,158,366	5,543,075	-	-
		45,925,202	50,722,159	57,606,074	80,895	1,258,455
Total liabilities		164,535,456	166,031,197	173,507,459	71,108,876	80,841,490
Net assets		491,311,952	467,394,401	457,619,939	333,110,095	330,143,474

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Statements of financial position
As at 31 December 2010 (contd.)

		Group			Company	
	Note	**2010 RM**	**2009 RM (Restated)**	**1.1.2009 RM (Restated)**	**2010 RM**	**2009 RM**
Equity attributable to owners of the parent						
Share capital	31	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Share premium	32	172,770,440	172,770,440	172,770,440	172,770,440	172,770,440
Fair value adjustment reserve	33	2,953,800	-	-	-	-
Retained earnings	34	134,319,015	118,438,617	108,506,556	60,339,655	57,373,034
		410,043,255	391,209,057	381,276,996	333,110,095	330,143,474
Minority interests		81,268,697	76,185,344	76,342,943	-	-
Total equity		491,311,952	467,394,401	457,619,939	333,110,095	330,143,474
Total equity and liabilities		655,847,408	633,425,598	631,127,398	404,218,971	410,984,964

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

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Statements of changes in equity
for the financial year ended 31 December 2010

			|-------------------- Attributable to owners of the parent				-------------------------------|	
			Equity attributable to owners of the parent	Non I------------distributable	---------I	Distributable	Non distributable	
2010 Group	**Note**	**Equity total RM**	**total RM**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Fair value adjustment reserve RM**	**Minority interests RM**
Opening balance at 1 January 2010		467,394,401	391,209,057	100,000,000	172,770,440	118,438,617	-	76,185,344
Effects of adopting FRS139		42,046	42,046	-	-	-	42,046	-
		467,436,447	391,251,103	100,000,000	172,770,440	118,438,617	42,046	76,185,344
Total comprehensive income		35,257,395	20,667,152	-	-	17,755,398	2,911,754	14,590,243
Transactions with owners								
Dividend	35	(1,875,000)	(1,875,000)	-	-	(1,875,000)	-	-
Acquisition of minority shares	17	(9,506,890)	-	-	-	-	-	(9,506,890)
Total transactions with owners		(11,381,890)	(1,875,000)	-	-	(1,875,000)	-	(9,506,890)
Closing balance at 31 December 2010		491,311,952	410,043,255	100,000,000	172,770,440	134,319,015	2,953,800	81,268,697

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Statements of changes in equity
for the financial year ended 31 December 2010 (contd.)

			Attributable to owners of the parent					
			Equity attributable to owners of the parent	Non-distributable		Distributable	Non distributable	
2009 Group	**Note**	**Equity total RM**	**total RM**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Fair value adjustment reserve RM**	**Minority interests RM**
Opening balance at 1 January 2009		457,619,939	381,276,996	100,000,000	172,770,440	108,506,556	-	76,342,943
Total comprehensive income		22,899,462	11,807,061	-	-	11,807,061	-	11,092,401
Transactions with owners								
Dividend	35	(1,875,000)	(1,875,000)	-	-	(1,875,000)	-	-
Dividend paid by a subsidiary to a minority shareholder		(11,250,000)	-	-	-	-	-	(11,250,000)
Total transactions with owners		(13,125,000)	(1,875,000)	-	-	(1,875,000)	-	(11,250,000)
Closing balance at 31 December 2009		467,394,401	391,209,057	100,000,000	172,770,440	118,438,617	-	76,185,344

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Statements of changes in equity
for the financial year ended 31 December 2010 (contd.)

			Non I------------distributable---------I		Distributable
		Equity total	**Share capital**	**Share premium**	**Retained earnings**
Company	**Note**	**RM**	**RM**	**RM**	**RM**
Opening balance at 1 January 2010		330,143,474	100,000,000	172,770,440	57,373,034
Total comprehensive income		4,841,621	-	-	4,841,621
Transactions with owners					
Dividend	35	(1,875,000)	-	-	(1,875,000)
Closing balance at 31 December 2010		333,110,095	100,000,000	172,770,440	60,339,655
Opening balance at 1 January 2009		325,271,748	100,000,000	172,770,440	52,501,308
Total comprehensive income		6,746,726	-	-	6,746,726
Transactions with owners					
Dividend	35	(1,875,000)	-	-	(1,875,000)
Closing balance at 31 December 2009		330,143,474	100,000,000	172,770,440	57,373,034

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

Perak Corporation Berhad
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Statements of cash flows
for the financial year ended 31 December 2010

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM (Restated)**	**RM**	**RM**
Operating activities				
Profit/(loss) before taxation from:				
Continuing operations	46,176,769	34,587,722	7,146,078	9,362,614
Discontinued operations	-	(2,339,038)	-	-
Profit before taxation, total	46,176,769	32,248,684	7,146,078	9,362,614
Adjustments for:				
Continuing operations				
Allowance for impairment loss in receivables	831,435	123,028	-	-
Depreciation				
- Property, plant and equipment	632,864	577,407	195,152	183,277
- Port facilities	2,361,752	2,385,285	-	-
Dividend income from quoted investment	(114,640)	(126,715)	(2,565,345)	(8,500,000)
Excess of Group's share in the net fair value of the subsidiary's identifiable net assets arising from the acquisition of minority interest	(1,467,440)	-	-	-
Impairment loss in receivables	286,482	1,181	-	-
Interest expenses	4,568,328	5,507,256	236,792	597,166
Interest income	(5,679,771)	(2,142,665)	(2,596,326)	(1,498,266)
Loss on disposal of property, plant and equipment	-	1,336,639	-	-
Property, plant and equipment written off	14,338	1	-	-
Provision for retirement benefits	37,732	41,208	-	-
Provision for retrenchment benefits	824,283	-	-	-
Reversal of impairment loss in other investments	-	(16,341)	-	(16,341)
Reversal of impairment loss in receivables	(258,932)	-	-	-
Share of loss of associate	1,437	3,505	-	-
Adjustments for carried forward	2,037,868	7,689,789	(4,729,727)	(9,234,164)

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Statements of cash flows
for the financial year ended 31 December 2010 (contd.)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
		(Restated)		
Adjustments for brought forward	2,037,868	7,689,789	(4,729,727)	(9,234,164)
Discontinued operations				
Depreciation	-	1,928,821	-	-
Property, plant and equipment written off	-	1,821,569	-	-
Interest income	-	(3,388)	-	-
Provision for retrenchment benefits	-	1,670,777	-	-
Reversal of impairment loss in receivables	-	(45,530)	-	-
Reversal of retirement benefits	-	(1,233,557)	-	-
Total adjustments	2,037,868	11,828,481	(4,729,727)	(9,234,164)
Operating cash flows before changes in working capital	48,214,637	44,077,165	2,416,351	128,450
Changes in working capital:				
Property development costs	(14,596,511)	3,402,365	6,076,982	(882,250)
Inventories	325,893	9,443,932	-	-
Payables	(7,988,480)	(1,379,373)	(9,101,313)	(3,682,543)
Receivables	27,743,275	(10,451,215)	(1,581,385)	331,373
Other current assets	238,820	(237,372)	-	-
Total changes in working capital	5,722,997	778,337	(4,605,716)	(4,233,420)
Retirement benefits paid	(18,091)	(383,690)	-	-
Retrenchment benefits paid	(215,103)	(1,459,251)	-	-
Taxes paid	(13,331,813)	(7,180,180)	(419,434)	(490,501)
Net cash flows from/(used in) operating activities	40,372,627	35,832,381	(2,608,799)	(4,595,471)
Investing activities				
Acquisition of minority interest	(8,039,450)	-	-	-
Dividends received	114,640	126,715	1,924,009	6,375,000
Interest received	3,320,141	775,787	236,696	128,000
Proceeds from disposal of property, plant and equipment	-	44,020,000	-	-
Cash flows from investing activities carried forward	(4,604,669)	44,922,502	2,160,705	6,503,000

Perak Corporation Berhad
(Incorporated in Malaysia)

Statements of cash flows
for the financial year ended 31 December 2010 (contd.)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
		(Restated)		
Cash flows from investing activities brought forward	(4,604,669)	44,922,502	2,160,705	6,503,000
Proceeds from disposal of other investments	8,655,546	-	-	-
Purchase of other investments	(30,046,200)	(126,715)	-	-
Purchase of port facilities	(1,693,386)	(3,418,365)	-	-
Purchase of property, plant and equipment	(322,387)	(1,280,300)	(23,618)	-
Net cash flows (used in)/from investing activities	(28,011,096)	40,097,122	2,137,087	6,503,000
Financing activities				
Dividend paid	(1,875,000)	(1,875,000)	(1,875,000)	(1,875,000)
Dividend paid to minority interests	-	(11,250,000)	-	-
Interest paid	(3,857,949)	(4,143,599)	(7,469)	(4,835)
(Placement)/Uplift of bank balances pledged	(40,182)	1,204,478	-	-
Uplift/(Placement) of deposits pledged	260,000	(102,689)	-	-
Repayment of				
- hire purchase and lease financing	(344,591)	(146,259)	(25,738)	(14,269)
- BaIDs	(5,000,000)	(5,000,000)	-	-
Proceeds from redemption of non-convertible redeemable preference shares of a subsidiary	-	-	5,100,000	-
Proceeds from margin loan for share financing	12,000,000	-	-	-
Net cash flows from/(used in) financing activities	1,142,278	(21,313,069)	3,191,793	(1,894,104)
Net increase in cash and cash equivalents	13,503,809	54,616,434	2,720,081	13,425
Cash and cash equivalents at 1 January	124,452,059	69,835,625	8,915,539	8,902,114
Cash and cash equivalents at 31 December	137,955,868	124,452,059	11,635,620	8,915,539

Perak Corporation Berhad
(Incorporated in Malaysia)

Statements of cash flows
for the financial year ended 31 December 2010 (contd.)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
		(Restated)		
Cash and cash equivalents comprise:				
Cash and bank balances	2,988,940	11,568,295	545,620	915,539
Deposits with licensed banks	143,615,122	121,751,776	11,090,000	8,000,000
	146,604,062	133,320,071	11,635,620	8,915,539
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(291,974)	(551,974)	-	-
Bank balances pledged	(8,356,220)	(8,316,038)	-	-
	137,955,868	124,452,059	11,635,620	8,915,539

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

Notes to the financial statements for the financial year ended 31 December 2010

1. Corporate information

Perak Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan. The principal place of business of the Company is located at 2nd Floor, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan.

The immediate and ultimate holding corporation of the Company is Perbadanan Kemajuan Negeri Perak, a body corporate established under Perak Enactment No. 3 of 1967.

The principal activities of the Company consist of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries are described in Note 17.

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

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for the financial periods beginning on or after 1 January 2010 as described fully in Note 2.3.

The financial statements have been prepared on the historical cost convention unless otherwise indicated in the summary of significant accounting policies below.

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies

(a) Basis of consolidation

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

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

Acquisition of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.2(e). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(b) Subsidiaries

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

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

(c) Transactions with the minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

(d) Associates

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(d) Associates (contd.)

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

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

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

(e) Intangible assets

Goodwill

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

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(f) Property, plant and equipment and depreciation

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2%
Leasehold land and buildings	2%
Plant and machinery	10% - 20%
Other assets	
Equipment, furniture and fittings	5% - 25%
Computer	20%
Motor vehicles	10% - 25%
Refurbishment and renovations	20%

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

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(g) Port facilities

Port facilities are stated at cost less accumulated depreciation and accumulated impairment losses.

All expenditure incurred, associated with development of port facilities inclusive of interest cost capitalised in accordance with Note 2.2(p) are amortised over the estimated useful life.

The principal annual rates of depreciation are:

Leasehold port land	over 99 years
Port structure	over 50 years
Port equipment	over 10 – 20 years

Amortisation of the port structure is based on the revenue method where the cost is amortised based on the total actual revenue in the year over total expected revenue to be generated from the port operations during the period of its estimated useful life.

(h) Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(h) Land held for property development and property development costs (contd.)

(ii) Property development costs

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(i) Impairment of non-financial assets

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

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

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

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

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

Impairment loss on goodwill is not reversed in a subsequent period.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(j) Inventories

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

Cost is determined using the weighted average basis. The cost of raw materials, sundry supplies and food and beverages comprises costs of purchase and cost of bringing the inventories to their present location.

Completed properties held for sale are stated at lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

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

(k) Financial assets

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

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

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

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies

(k) Financial assets (contd.)

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies

(k) Financial assets (contd.)

(iv) Available-for-sale financial assets

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

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

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

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies

(l) Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(l) Impairment of financial assets (contd.)

(ii) Unquoted equity securities carried at costs

If there is objective evidence that an impairment loss on financial assets carried at costs has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

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

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

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

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and deposits with licensed financial institutions, but do not include deposits with licensed financial institutions which have been pledged for guarantee and other bank facilities granted to the Group and the Company as collaterals, and net of outstanding bank overdrafts.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(n) Provisions

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

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

(o) Financial liabilities

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

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

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

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(o) Financial liabilities (contd.)

(ii) Other financial liabilities

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

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

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

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

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

(p) Borrowing costs

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(q) Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")

The BaIDS are bonds issued in accordance with the Islamic finance concept of Bai Bithaman Ajil.

BaIDS are initially recognised at cost, being fair value of the consideration received. After initial recognition, the profit element attributable to the BaIDS in each period are recognised in profit or loss as finance cost, at a constant rate of maturity of each series respectively.

(r) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, the Group makes contributions to the statutory pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

(iii) Defined benefit plans

A subsidiary operated an unfunded defined benefit scheme for its eligible employees, ("the Scheme") under a Collective Agreement with the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia. The Group's obligation under the scheme, calculated using Projected Benefit Valuation Method, was determined by an actuarial valuation carried out every three years by a qualified actuary, through which the amount of benefit that employees had earned in return for their service in the current and prior years was estimated.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(r) Employee benefits (contd.)

(iii) Defined benefit plans (contd.)

That benefit was discounted in order to determine its present value. Actuarial gains and losses were recognised as income or expense over the expected average remaining working lives of the participating employees. Past service costs were recognised immediately to the extent that the benefits were already vested, and otherwise were amortised on a straight-line basis over the average period until the amended benefits became vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs. The last valuation of the Scheme was carried out in March 2006.

Upon the disposal of the hotel property in 2009, no actuarial valuation on the Scheme has been carried out by the subsidiary. The provision for the retirement benefits made in the financial statements is in respect of the remaining employees under the said Scheme.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when the Group has a detailed formal plan for the termination and without realistic possibility of withdrawal.

Termination benefits of a subsidiary are provided based on existing contractual obligations under a Collective Agreement with the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(s) Leases

a) As lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase or lease payments at the inception of the hire purchase or leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statements of financial position as loan and borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial costs are also added to the carrying amount of such assets.

Hire purchase or lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase or leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant hire purchase or lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase or leased assets is in accordance with that for depreciable property, plant and equipment and port facilities as described in Note 2.2(f) and 2.2(g) respectively.

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

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.2(u)(vii).

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(t) Discontinued operation

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

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

(u) Revenue

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

(i) Dividend income

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

(ii) Hotel related operations

Revenue from hotel related operations comprising rental of hotel rooms, sale of food and beverage and other related income are recognised when the services are provided.

(iii) Management fees

Management fees in respect of the management services provided by the Company are recognised when the services are provided.

(iv) Mobilisation fees

Mobilisation fees are recognised on a receivable basis.

(v) Port services

Revenue from port services and provision of container services are measured at fair value of the consideration receivable and are recognised in the profit or loss on a rendered basis.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(u) Revenue (contd.)

(v) Port services (contd.)

Revenue from Operation and Maintenance of deepwater bulk terminal and facility is recognised in the profit or loss on an accrual basis.

(vi) Proceeds from bus fare collection and provision of charter and tour related services

Proceeds received from bus fare collection and provision of charter and tour related services are recognised when services are rendered.

(vii) Rental income

Rental income is recognised over the term of the tenancy.

(viii) Sale of goods

Revenue relating to sale of goods is recognised net of discounts and rebates when transfer of risks and rewards have been completed.

(ix) Sale of completed properties

Sale of completed properties is recognised when transfer of risks and rewards have been completed.

(x) Sale of developed land

Revenue relating to sale of port development land is recognised on a percentage of completion basis.

Revenue relating to sale of other vacant land is recognised when the risks and rewards of ownership have been transferred upon finalisation of the sales and purchase agreements.

(xi) Sale of development properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.2(h)(ii).

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(v) Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(v) Income taxes (contd.)

(ii) Deferred tax (contd.)

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

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

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

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

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

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(x) Share capital and share issuance expenses

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

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

2.3 Changes in accounting policies

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

On 1 January 2010, the Group adopted the following applicable new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 7 : Financial Instruments : Disclosures
FRS 8 : Operating Segments
FRS 101 : Presentation of Financial Statements (revised)
FRS 139 : Financial Instruments: Recognition and Measurement
Amendments to FRS 132 : Financial Instruments : Presentation
Amendments to FRS 139 : Financial Instruments : Recognition and
  Measurement, FRS 7 : Financial Instruments : Disclosures and
  IC Interpretation 9 : Reassessment of Embedded Derivatives
Improvements to FRS issued in 2009
IC Interpretation 9 : Reassessment of Embedded Derivatives

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

<u>FRS 7 Financial Instruments : Disclosure</u>

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments : Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

2. Significant accounting policies (contd.)

2.3 Changes in accounting policies (contd.)

FRS 7 Financial Instruments : Disclosure (contd.)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied on the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosure, including the related revised comparative information, are shown in Note 43 to the financial statements.

FRS 101 : Presentation of Financial Statements (revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of the items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 41).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. Significant accounting policies (contd.)

2.3 Changes in accounting policies (contd.)

Amendments to FRS 117 Leases

Prior to 1 January 2010, all leases of land and buildings, where title is not expected to pass to the lessee by the end of the lease term and the lessee normally does not receive substantially all of the risks and rewards incidental to ownership, will be classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statement of financial position of the Group as at 31 December 2010 arising from the above change in accounting policy.

	Group RM
Increase/(decrease) in:	
Port facilities	12,606,376
Prepaid land lease payments	(12,606,376)

	As previously stated RM	**Adjustment RM**	**As restated RM**
Statement of financial position Group			
31 December 2009			
Port facilities	74,359,015	12,755,312	87,114,327
Prepaid land lease payments	12,755,312	(12,755,312)	-
1 January 2009			
Property, plant and equipment	74,226,715	12,797,456	87,024,171
Port facilities	73,176,998	12,904,249	86,081,247
Prepaid land lease payments	25,701,705	(25,701,705)	-

2. Significant accounting policies (contd.)

2.3 Changes in accounting policies (contd.)

Amendments to FRS 117 Leases

	As previously stated RM	Adjustment RM	As restated RM
Statement of comprehensive income for the financial year ended 31 December 2009			
Group			
Administrative expenses			
Continuing operations			
Depreciation of port facilities	2,236,348	148,937	2,385,285
Amortisation of prepaid land lease payments	148,937	(148,937)	-
Discontinued operations			
Depreciation	1,756,965	171,856	1,928,821
Amortisation of prepaid land lease payments	171,856	(171,856)	-
Property, plant and equipment written off	196,848	1,624,721	1,821,569
Prepaid land lease payments written off	1,624,721	(1,624,721)	-
Statement of cash flows for the financial year ended 31 December 2009			
Group			
Adjustments for:			
Continuing operations			
Depreciation of port facilities	2,236,348	148,937	2,385,285
Amortisation of prepaid land lease payments	148,937	(148,937)	-
Discontinued operations			
Depreciation	1,756,965	171,856	1,928,821
Amortisation of prepaid land lease	171,856	(171,856)	-
Property, plant and equipment written off	196,848	1,624,721	1,821,569
Prepaid land lease payments written off	1,624,721	(1,624,721)	-

2. Significant accounting policies (contd.)

2.3 Changes in accounting policies (contd.)

FRS 139 Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard have been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

a) Equity instruments

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less accumulated impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM8,697,602. The adjustments to their previous carrying amounts of RM42,046 are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010. Investments in equity instruments whose fair value cannot be reliably measured amounting to RM16,341 as at 1 January 2010 continued to be carried at cost less impairment losses.

b) Inter-company loans

During the current and prior years, the Company granted interest-free or low interest loans and advances to its subsidiaries. Prior to 1 January 2010, these loans or advances are recorded at cost in the Company's financial statements.

At 1 January 2010, the Company has reassessed such loans and advances and concluded that amounts of RM173,515,720 advanced to such subsidiaries are not repayable and as such, the fair value of these amounts cannot be reliably measured and consequently, these amounts have been measured at cost and treated as equity loan given by the Company to the respective subsidiaries.

2. Significant accounting policies (contd.)

2.3 Changes in accounting policies (contd.)

FRS 139 Financial Instruments : Recognition and Measurement (contd.)

The following are the effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 December 2010 RM	As at 1 January 2010 RM
Statements of financial position		
Group		
Other investments (non-currrent)		
- available-for-sale financial assets	2,953,800	42,046
Fair value adjustment reserve	2,953,800	42,046
Company		
Investments in subsidiaires	173,515,720	173,515,720
Amount due from subsidiaries		
- non-current	(214,789,883)	(214,418,922)
- current	41,274,163	40,903,202

2.4 Standards issued but not yet effective

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

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132 : Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1 : First-time Adoption of Financial Reporting Standards
FRS 3 : Business Combinations (revised)
Amendments to FRS 2 : Share-based Payment
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127 : Consolidated and Separate Financial Statements
Amendments to FRS 138 : Intangible Assets

2. Significant accounting policies (contd.)

2.4 Standards issued but not yet effective (contd.)

Effective for financial periods beginning on or after 1 July 2010 (contd.)

Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives
IC Interpretation 12 : Service Concession Arrangements
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 : Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1 : Additional Exemptions for First-time Adopters
Amendments to FRS 1 : Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 2 : Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7 : Improving Disclosures about Financial Instruments
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"
IC Interpretation 4 : Determining whether an Arrangement Contains a Lease
IC Interpretation 18 : Transfers of Assets from Customers

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)

Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15 : Agreements for the Construction of Real Estate
FRS 124 : Related Party Disclosures

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7 and revised FRS 124, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127, IC interpretation 15 and the revised FRS 124 are described below.

2. Significant accounting policies (contd.)

2.4 Standards issued but not yet effective (contd.)

FRS 3 : Business Combination (revised) and Amendments to FRS 127 : Consolidated and Separate Financial Statements

The revised standards are effective for annual period beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combination occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of cash flows, FRS 112 Income Taxes, FRS 121 The Effect of changes in Foreign Exchange Rates, FRS 128 Investment in Associates and FRS 131 Interests in Joint Ventures.

The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt the standards.

IC Interpretation 15 : Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenue at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

2. Significant accounting policies (contd.)

2.4 Standards issued but not yet effective (contd.)

Revised FRS 124 : Related Party Disclosures

The revised FRS 124 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 124 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact the changes to the definition of a related party has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented.

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates

(a) Judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:-

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Investments in associate

On 22 October 2010, the Company has entered into a Conditional Sale and Purchase Agreement with Prominent Xtreme Sdn. Bhd. ("Prominex") to dispose of its entire equity interest in an associate, West Coast Expressway Sdn. Bhd. (formerly known as Konsortium LPB Sdn. Bhd.) ("WCE"). The Group considered that this investment did not meet the criteria to be classified as held for sale at the reporting date due to the following reasons:

- The disposal is expected not to be completed within the next twelve months due to the conditions precedent set have yet to be fulfilled such as obtaining the approval from the Economic Planning Unit (EPU) in the Prime Minister's Department.

- Based on past experiences of such disposal, former buyers after having taken more than a twelve months period have failed to obtain the necessary approvals to satisfy the conditions precedent resulting in their sale and purchase agreements being rescinded.

The Group evaluates that finalisation of the disposal can only be concluded upon the approval from EPU. Further details have been disclosed in Note 38(e).

2. Significant accounting policies (contd.)

2.5 Significant accounting judgements and estimates

(b) Key sources of estimation uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2010 was RM23,811,003 (2009 : RM23,811,003). Further details are disclosed in Note 20.

(ii) Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 16.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2. Significant accounting policies (contd.)

2.4 Significant accounting estimates and judgements (contd.)

(b) Key sources of estimation uncertainty (contd.)

(iii) Deferred tax assets (contd.)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. The total carrying value of unrecognised business losses and unabsorbed capital allowances of the Group was RM794,597 (2009 : RM1,016,565).

(iv) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the asset's useful life. Management estimates the useful life of building to be 50 years and that of plant and machinery to be 5 to 10 years, based on the level of expected usage. Management also estimates that these assets will have minimal residual values at the end of their useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 14.

(v) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 22.

3. Revenue

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Dividend income from unquoted shares in Malaysia - subsidiary	-	-	2,565,345	8,500,000
Sales of development properties	561,867	983,248	-	-
Sales of developed land	30,664,467	14,093,324	11,255,604	593,880
Sales of completed properties	1,759,000	12,226,500	-	-
Rental of rooms	17,244	189,108	-	-
Management fees	-	-	132,000	132,000
Port services	67,238,369	63,690,527	-	-
Proceeds received from bus fare collections and provision of charter services	67,660	85,101	-	-
Sales of goods	468,558	1,368,357	-	-
Project management fees	661,408	439,992	-	-
Rental income	2,059,549	2,059,549	2,059,549	2,059,549
	103,498,122	95,135,706	16,012,498	11,285,429

4. Cost of sales

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Property development costs (Note 16(b))	17,741,979	8,654,785	8,500,352	593,880
Cost of completed properties sold	1,396,582	9,779,155	-	-
	19,138,561	18,433,940	8,500,352	593,880
Cost of goods sold	463,045	1,278,242	32,250	-
Cost of services rendered	20,526,906	19,826,270	-	-
	40,128,512	39,538,452	8,532,602	593,880

5. Interest income

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Interest income from:				
Loans and receivables	2,359,630	1,241,332	2,359,630	1,370,266
Short term money market funds and fixed deposits	3,320,141	901,333	236,696	128,000
	5,679,771	2,142,665	2,596,326	1,498,266

6. Other income

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Accounting fees	-	-	44,578	35,762
Reversal of impairment loss in receivables	258,932	-	-	-
Deposit forfeited	280,000	-	280,000	-
Gain from disposal of property, plant and equipment	-	19,999	-	-
Excess of Group's share in the net fair value of the subsidiary's identifiable net assets arising from the acquisition of minority interest	1,467,440	-	-	-
Management fees	451,218	-	-	-
Miscellaneous income	704,119	1,805,542	6,933	190
Reversal of impairment loss in other investments	-	16,341	-	16,341
	3,161,709	1,841,882	331,511	52,293

7. Finance costs

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
BaIDS financing cost	3,718,750	4,093,750	-	-
Interest on margin loan financing	91,726	-	-	-
Interest on hire purchase and finance lease liabilities	47,473	49,849	7,469	4,835
	3,857,949	4,143,599	7,469	4,835

8. Profit before tax from continuing operations

The following items have been included in arriving at profit before tax from continuing operations:

	Group 2010 RM	Group 2009 RM (Restated)	Company 2010 RM	Company 2009 RM
Auditors' remuneration				
Statutory audits				
- current year	88,800	95,900	25,000	22,000

8. Profit before tax from continuing operations (contd.)

	Group 2010 RM	Group 2009 RM (Restated)	Company 2010 RM	Company 2009 RM
Auditors' remuneration (contd.)				
Non-audit fees				
- assurance related	35,000	41,228	35,000	5,000
- tax and other non-audit services	27,700	25,600	3,000	2,500
Allowance for impairment loss on financial assets:				
Trade receivables (Note 22)	831,435	123,028	-	-
Depreciation				
- property, plant and equipment (Note 14)	632,864	577,407	195,152	183,277
- port facilities (Note 15)	2,361,752	2,385,285	-	-
Dividend income from quoted investment	(114,640)	(126,715)	-	-
Employee benefits expense (Note 9)	7,996,555	7,602,552	853,228	804,227
Interest on late payment	710,379	1,363,657	229,323	592,331
Interest income	(5,679,771)	(2,142,665)	(2,596,326)	(1,498,266)
Impairment loss in receivables	286,482	1,181	-	-
Loss on disposal of property, plant and equipment	-	1,336,639	-	-
Non-executive directors' remuneration (Note 10)	626,882	332,869	168,600	101,614
Provision for retirement benefits (Note 26)	37,732	41,208	-	-
Provision for retrenchment benefits (Note 25)	824,283	-	-	-
Property, plant and equipment written off (Note 14)	14,338	1	-	-
Rental of port equipment and office equipment	6,466,070	6,104,675	-	-
Reversal of impairment loss in other investments	-	(16,341)	-	(16,341)
Reversal of impairment loss in receivables	(258,932)	-	-	-
Rental of premises	164,935	215,009	131,935	194,509
Rental income	(2,149,934)	(2,074,909)	(2,059,549)	(2,059,549)

9. Employee benefits expense

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Salaries and wages	7,206,485	6,866,616	797,171	751,355
Employees Provident Fund contributions	681,002	676,518	47,756	44,262
Social Security contributions	13,387	14,120	1,761	1,509
Other staff related expenses	95,681	45,298	6,540	7,101
	7,996,555	7,602,552	853,228	804,227

10. Directors' remuneration

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

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non-Executive:				
Directors of the Company:				
Fees	272,000	53,364	152,000	53,364
Other emoluments	16,600	48,250	16,600	48,250
Other directors:				
Fees	314,282	218,395	-	-
Other emoluments	24,000	12,860	-	-
Total non-executive directors' remuneration (excluding benefits-in-kind)	626,882	332,869	168,600	101,614
Estimated money value of benefits-in-kind	6,500	4,336	-	-
Total non-executive directors' remuneration (including benefits-in-kind)	633,382	337,205	168,600	101,614

10. Directors' remuneration (contd.)

The number of directors of the Group and the Company whose total remuneration during the year fell within the following bands are analysed as follows:

	Group Number of directors		Company Number of directors	
	2010	**2009**	**2010**	**2009**
Non-executive directors:				
Below RM50,000	5	6	6	6
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	1	-	-	-
RM150,001 - RM200,000	-	-	-	-
RM200,001 - RM250,000	-	-	-	-

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Statement of comprehensive income:				
Current income tax - continuing operations:				
Tax expense for the year	13,249,818	9,392,990	1,993,000	2,589,000
Under/(Over) provision in respect of previous years	397,193	(386,134)	311,457	26,888
	13,647,011	9,006,856	2,304,457	2,615,888
Deferred income tax - continuing operations (Note 30):				
Relating to origination and reversal of temporary differences	185,474	342,366	-	-
Over provision in respect of previous years	(1,357)	-	-	-
	184,117	342,366	-	-
Income tax expense recognised in profit or loss	13,831,128	9,349,222	2,304,457	2,615,888

11. Income tax expense (contd.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before taxation:				
Continuing operations	46,176,769	34,587,722	7,146,078	9,362,614
Discontinued operations (Note 12)	-	(2,339,038)	-	-
Accounting profit before tax	46,176,769	32,248,684	7,146,078	9,362,614
Taxation at Malaysian statutory tax rate of 25%	11,544,192	8,062,171	1,786,519	2,340,654
Adjustments:				
Non-deductible expenses	1,730,614	3,832,086	206,518	248,346
Income not subject to taxation	(28,660)	(26,626)	-	-
Other items	45,533	(405)	(37)	-
Utilisation of previously unrecognised hotel tax credit	-	(230,857)	-	-
Utilisation of previously unrecognised tax losses	-	(925,483)	-	-
Utilisation of previously unrecognised unabsorbed capital allowances	(6,200)	(1,025,981)	-	-
Deferred tax assets not recognised on retirement benefit	-	50,451	-	-
Deferred tax assets not recognised on tax losses and unabsorbed capital allowances	149,813	-	-	-
Under/(Over) provision of current tax in respect of previous years	397,193	(386,134)	311,457	26,888
Over provision of deferred tax in respect of previous years	(1,357)	-	-	-
Income tax expense recognised in profit or loss	13,831,128	9,349,222	2,304,457	2,615,888

Current income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

12. Discontinued operations

On 10 September 2009, Cash Hotel Sdn. Bhd. ("CHSB"), a 61.16% -owned subsidiary of the Company's wholly owned subsidiary, Taipan Merit Sdn. Bhd., entered into a conditional Sale and Purchase Agreement with Impiana Hotel Ipoh Sdn. Bhd. (formerly known as Visi Juara Sdn. Bhd.), to dispose a piece of leasehold land together with a commercial building erected thereon and more particularly known as Impiana Casuarina Hotel Ipoh for a total consideration of RM44.0 million.

On 24 December 2009, the disposal of Impiana Casuarina Hotel Ipoh was completed and accordingly, CHSB had substantially ceased its operations as a hotelier and restaurateur. The results from the operations of Impiana Casuarina Hotel Ipoh had been presented separately on the statement of comprehensive income of the Group as discontinued operations.

An analysis of the result of discontinued operations was as follows:

	Group 2009 RM
Revenue	12,932,826
Cost of sales	(6,236,737)
Gross profit	6,696,089
Other income	48,918
Sales and marketing expenses	(231,379)
General and administrative expenses	(912,239)
Other operating expenses	(7,940,427)
Loss for the year from discontinued operations	(2,339,038)

The following amounts had been included in arriving at loss for the year from discontinued operations:

	Group 2009 RM
Depreciation	1,928,821
Staff costs **	3,788,151
Interest income	(3,388)
Property, plant and equipment written off	1,821,569
Provision for retrenchment benefit	1,670,777
Reversal of impairment loss in receivables	(45,530)
Reversal of retirement benefits	(1,233,557)

12. Discontinued operations (contd.)

** Staff costs comprised:

	Group 2009 RM
Salary, wages, bonus and overtime	3,390,489
Employees Provident Fund contributions	330,539
Social Security contributions	67,123
	3,788,151

The cash flows attributable to the disposal group were as follows:

Operating cash flows	2,231
Investing cash flows	(3,388)
Total cash flows	(1,157)

13. Earnings per share

(a) Basic

The basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group 2010 RM	2009 RM
Profit from continuing operations attributable to ordinary equity holders of the Company (RM)	17,755,398	14,146,099
Loss from discontinued operations attributable to ordinary equity holders of the Company (RM)	-	(2,339,038)
	17,755,398	11,807,061
Weighted average number of ordinary shares in issue	100,000,000	100,000,000
Basic earnings per share (sen) for:		
Profit from continuing operations	17.76	14.15
Loss from discontinued operations	-	(2.34)
Profit for the year	17.76	11.81

(b) Diluted

There is no dilutive effect on earnings per share as the Company has no potential issue of ordinary shares.

14. Property, plant and equipment

Group	Land and buildings* RM	Plant and machinery RM	Other assets** RM	Capital work in progress RM	Total RM
Cost					
At 1 January 2009:					
As previously stated	84,836,560	3,803,144	14,286,961	-	102,926,665
Effects of adopting the amendments to FRS 117	15,342,741	-	-	-	15,342,741
As restated	100,179,301	3,803,144	14,286,961	-	118,269,406
Additions	-	-	1,390,300	-	1,390,300
Disposals	(58,302,944)	(3,803,144)	(10,632,368)	-	(72,738,456)
Write off	(2,669,797)	-	(108,656)	-	(2,778,453)
At 31 December 2009	39,206,560	-	4,936,237	-	44,142,797
At 1 January 2010	39,206,560	-	4,936,237	-	44,142,797
Additions	-	-	610,116	55,508	665,624
Write off	-	-	(480,144)	-	(480,144)
Transfer from property development costs (Note 16)	8,903,909	-	-	-	8,903,909
At 31 December 2010	48,110,469	-	5,066,209	55,508	53,232,186
Accumulated depreciation					
At 1 January 2009:					
As previously stated	14,785,461	2,728,494	11,185,995	-	28,699,950
Effects of adopting the amendments to FRS 117	2,545,285	-	-	-	2,545,285
As restated	17,330,746	2,728,494	11,185,995	-	31,245,235
Depreciation charge for the year	1,197,479	240,628	1,068,121	-	2,506,228
Disposals	(15,786,063)	(2,969,122)	(8,626,632)	-	(27,381,817)
Write off	(848,228)	-	(108,655)	-	(956,883)
At 31 December 2009	1,893,934	-	3,518,829	-	5,412,763
At 1 January 2010	1,893,934	-	3,518,829	-	5,412,763
Depreciation charge for the year	189,073	-	443,791	-	632,864
Write off	-	-	(465,806)	-	(465,806)
At 31 December 2010	2,083,007	-	3,496,814	-	5,579,821

14. Property, plant and equipment (contd.)

Group	Land and buildings* RM	Plant and machinery RM	Other assets** RM	Capital work in progress RM	Total RM
Net carrying amount					
At 1 January 2009 (restated)	82,848,555	1,074,650	3,100,966	-	87,024,171
At 31 December 2009	37,312,626	-	1,417,408	-	38,730,034
At 31 December 2010	46,027,462	-	1,569,395	55,508	47,652,365

14. Property, plant and equipment (contd.)

***Land and buildings**

	Freehold land RM	Buildings RM	Leasehold land and buildings RM	Total RM
Group				
Cost				
At 1 January 2009:				
As previously stated	24,922,500	47,980,060	11,934,000	84,836,560
Effects of adopting the amendments to FRS 117	-	-	15,342,741	15,342,741
As restated	24,922,500	47,980,060	27,276,741	100,179,301
Disposals	-	(45,265,467)	(13,037,477)	(58,302,944)
Write off	-	(364,533)	(2,305,264)	(2,669,797)
At 31 December 2009	24,922,500	2,350,060	11,934,000	39,206,560
At 1 January 2010	24,922,500	2,350,060	11,934,000	39,206,560
Transfer from property development costs (Note 16)	8,903,909	-	-	8,903,909
31 December 2010	33,826,409	2,350,060	11,934,000	48,110,469
Accumulated depreciation				
At 1 January 2009:				
As previously stated	-	13,080,600	1,704,861	14,785,461
Effects of adopting the amendments to FRS 117	-	-	2,545,285	2,545,285
As restated	-	13,080,600	4,250,146	17,330,746
Depreciation charge for the year	-	883,551	313,928	1,197,479
Disposals	-	(13,749,465)	(2,036,598)	(15,786,063)
Write off	-	(167,685)	(680,543)	(848,228)
At 31 December 2009	-	47,001	1,846,933	1,893,934
At 1 January 2010	-	47,001	1,846,933	1,893,934
Depreciation charge for the year	-	47,002	142,071	189,073
At 31 December 2010	-	94,003	1,989,004	2,083,007
Net carrying amount				
At 1 January 2009 (restated)	24,922,500	34,899,460	23,026,595	82,848,555
At 31 December 2009	24,922,500	2,303,059	10,087,067	37,312,626
At 31 December 2010	33,826,409	2,256,057	9,944,996	46,027,462

14. Property, plant and equipment (contd.)

****Other assets**

	Equipment, furniture and fittings and computer RM	Motor vehicles RM	Refurbishment and renovations RM	Total RM
Group				
Cost				
At 1 January 2009	10,703,159	1,867,872	1,715,930	14,286,961
Additions	669,408	131,717	589,175	1,390,300
Disposals	(7,934,449)	(512,029)	(2,185,890)	(10,632,368)
Write off	-	(108,656)	-	(108,656)
At 31 December 2009	3,438,118	1,378,904	119,215	4,936,237
At 1 January 2010	3,438,118	1,378,904	119,215	4,936,237
Additions	202,041	398,556	9,519	610,116
Write off	(460,291)	-	(19,853)	(480,144)
Reclassification	(3,127)	2,909	218	-
At 31 December 2010	3,176,741	1,780,369	109,099	5,066,209
Accumulated depreciation				
At 1 January 2009	8,475,885	1,651,261	1,058,849	11,185,995
Depreciation charge for the year	618,650	55,542	393,929	1,068,121
Disposals	(6,690,650)	(512,028)	(1,423,954)	(8,626,632)
Write off	-	(108,655)	-	(108,655)
At 31 December 2009	2,403,885	1,086,120	28,824	3,518,829
At 1 January 2010	2,403,885	1,086,120	28,824	3,518,829
Depreciation charge for the year	314,602	117,326	11,863	443,791
Write off	(448,144)	-	(17,662)	(465,806)
Reclassification	(98,198)	43,448	54,750	-
At 31 December 2010	2,172,145	1,246,894	77,775	3,496,814

14. Property, plant and equipment (contd.)

****Other assets (contd.)**

	Equipment, furniture and fittings and computer RM	Motor vehicles RM	Refurbishment and renovations RM	Total RM
Group				
Net carrying amount				
At 1 January 2009	2,227,274	216,611	657,081	3,100,966
At 31 December 2009	1,034,233	292,784	90,391	1,417,408
At 31 December 2010	1,004,596	533,475	31,324	1,569,395

14. Property, plant and equipment (contd.)

	Leasehold land and building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company				
At cost				
At 1 January 2009 and 31 December 2009	11,934,000	176,615	248,940	12,359,555
At 1 January 2010	11,934,000	176,615	248,940	12,359,555
Addition	-	13,889	89,729	103,618
At 31 December 2010	11,934,000	190,504	338,669	12,463,173
Accumulated depreciation				
At 1 January 2009	1,704,861	96,658	169,349	1,970,868
Depreciation charge for the year	142,072	23,185	18,020	183,277
At 31 December 2009	1,846,933	119,843	187,369	2,154,145
At 1 January 2010	1,846,933	119,843	187,369	2,154,145
Depreciation charge for the year	142,071	23,101	29,980	195,152
At 31 December 2010	1,989,004	142,944	217,349	2,349,297
Net carrying amount				
At 1 January 2009	10,229,139	79,957	79,591	10,388,687
At 31 December 2009	10,087,067	56,772	61,571	10,205,410
At 31 December 2010	9,944,996	47,560	121,320	10,113,876

14. Property, plant and equipment (contd.)

(a) Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Motor vehicles	527,103	243,833	121,321	61,571

(b) During the year, the property, plant and equipment of the Group and of the Company were acquired by means of:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash payments	322,387	1,280,300	23,618	-
Finance lease arrangements	343,237	110,000	80,000	-
	665,624	1,390,300	103,618	-

(c) Included in the property, plant and equipment of the Group and of the Company are the following costs of fully depreciated assets which are still in use:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other assets:				
Equipment, furniture and fittings	361,754	846,339	61,892	55,592
Motor vehicles	796,198	796,199	158,841	158,841
Refurbishment and renovations	50,635	-	-	-
	1,208,587	1,642,538	220,733	214,433

(d) Titles of certain land costing RM14,000,000 (2009 : RMNil) have yet to be issued to a subsidiary.

15. Port facilities

Group	Leasehold port land RM	Port structure RM	Port equipment RM	Total RM
Cost				
At 1 January 2009:				
As previously stated	-	80,316,982	10,222,163	90,539,145
Effects of adopting the amendments to FRS 117	14,753,610	-	-	14,753,610
As restated	14,753,610	80,316,982	10,222,163	105,292,755
Additions	-	2,946,972	471,393	3,418,365
At 31 December 2009 (restated)	14,753,610	83,263,954	10,693,556	108,711,120
At 1 January 2010:				
As previously stated	-	83,263,954	10,693,556	93,957,510
Effects of adopting the amendments to FRS 117	14,753,610	-	-	14,753,610
As restated	14,753,610	83,263,954	10,693,556	108,711,120
Additions	-	803,594	889,792	1,693,386
At 31 December 2010	14,753,610	84,067,548	11,583,348	110,404,506
Accumulated depreciation				
At 1 January 2009:				
As previously stated	-	9,757,032	7,605,115	17,362,147
Effects of adopting the amendments to FRS 117	1,849,361	-	-	1,849,361
As restated	1,849,361	9,757,032	7,605,115	19,211,508
Depreciation charge for the year	148,937	1,760,000	476,348	2,385,285
At 31 December 2009 (restated)	1,998,298	11,517,032	8,081,463	21,596,793
At 1 January 2010:				
As previously stated	-	11,517,032	8,081,463	19,598,495
Effects of adopting the amendments to FRS 117	1,998,298	-	-	1,998,298
As restated	1,998,298	11,517,032	8,081,463	21,596,793
Depreciation charge for the year	148,936	1,675,000	537,816	2,361,752
At 31 December 2010	2,147,234	13,192,032	8,619,279	23,958,545

15. Port facilities (contd.)

Group	Leasehold port land RM	Port structure RM	Port equipment RM	Total RM
Net carrying amount:				
At 1 January 2009 (restated)	12,904,249	70,559,950	2,617,048	86,081,247
At 31 December 2009 (restated)	12,755,312	71,746,922	2,612,093	87,114,327
At 31 December 2010	12,606,376	70,875,516	2,964,069	86,445,961

(a) Net carrying amount of port facilities held under hire purchase and finance lease arrangements are as follows:

	Group 2010 RM	2009 RM
Port equipment	326,983	463,470

(b) In accordance with financing procedure under Bai Bithaman Ajil, a subsidiary has agreed to enter into an asset purchase agreement dated 22 November 2004 with a bank to sell the port structure at RM60,000,000. Subsequent to the execution of this agreement, the said subsidiary entered into an asset sale agreement dated 22 November 2004 with the bank to repurchase the port structure at RM99,937,500.

(c) During the year, additions to port facilities of the Group were acquired by means of:

	Group 2010 RM	2009 RM
Cash payments	1,693,386	3,418,365

16. Land held for property development and property development costs

(a) Land held for property development

	Group 2010 RM	Group 2009 RM
Freehold land		
Carrying amount		
At 1 January	18,948,975	26,780,170
Transfer to property development costs	-	(7,831,195)
At 31 December	18,948,975	18,948,975

(b) Property development costs

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
At 31 December 2010				
Cumulative property development costs				
At 1 January 2010				
Freehold land	75,487,547	79,706,409	41,171,594	41,171,594
Leasehold land	30,069,065	27,152,827	-	-
Development costs	125,985,407	117,258,121	17,105,754	16,223,504
	231,542,019	224,117,357	58,277,348	57,395,098
Costs incurred during the year:				
Freehold land	24,326,304	-	-	-
Leasehold land	-	2,916,238	-	-
Development costs	8,012,186	10,264,780	2,423,370	1,476,130
	32,338,490	13,181,018	2,423,370	1,476,130
Reversal of costs arising from completed phases:				
Development costs	(3,650,800)	-	-	-
Reversal of costs arising from completed sale of land:				
Freehold land	(8,410,217)	(4,121,459)	(6,776,567)	-
Development costs	(3,751,647)	(1,537,494)	(1,723,785)	(593,880)
	(12,161,864)	(5,658,953)	(8,500,352)	(593,880)

16. Land held for property development and property development costs (contd.)

(b) Property development costs (contd.)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Reversal of costs arising from land surrendered:				
Freehold land	-	(7,928,598)	-	-
Cumulative costs recognised in profit or loss				
At 1 January 2010	(86,008,323)	(83,012,491)	-	-
Cost recognised during the year (Note 4)	(17,741,979)	(8,654,785)	(8,500,352)	(593,880)
Costs recognised for land surrendered	-	(7,928,598)	-	-
Reversal of costs arising from completed phases	3,650,800	-	-	-
Reversal of costs arising from completed sale of land	12,161,864	5,658,953	8,500,352	593,880
Reversal of costs arising from land surrendered	-	7,928,598	-	-
At 31 December 2010	(87,937,638)	(86,008,323)	-	-
Transfers:				
To property, plant and equipment	(8,903,909)	-	-	-
From land held for property development	-	7,831,195	-	-
	(8,903,909)	7,831,195	-	-
Property development costs at 31 December 2010	151,226,298	145,533,696	52,200,366	58,277,348

Titles of certain land costing RM38,176,304 (2009 : RM13,865,000) have yet to be issued to certain subsidiaries.

17. Investments in subsidiaries

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost		
Ordinary shares	1,602,509	1,602,509
Preference shares	-	5,100,000
	1,602,509	6,702,509
Accumulated impairment losses	(509)	(509)
	1,602,000	6,702,000
Equity loans to subsidiaries	173,515,720	-
	175,117,720	6,702,000

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held (%) 2010	Equity interest held (%) 2009	Principal activities
Magni D'Corp Sdn. Bhd.	Malaysia	100	100	Property investment
PCB Development Sdn. Bhd.	Malaysia	100	100	Investment holding and real property development
Premium Meridian Sdn. Bhd.	Malaysia	100	100	Property development and project management
Taipan Merit Sdn. Bhd.	Malaysia	100	100	Investment holding
Trans Bid Sdn. Bhd.	Malaysia	51	51	Distribution, operation and management of water supply services
Held by PCB Development Sdn. Bhd.				
PCB Trading & Manufacturing Sdn. Bhd.	Malaysia	100	100	Trading and manufacture of building materials
BioD Leisure and Recreation Sdn. Bhd. (formerly known as PCB Transportation, Travel & Tours Sdn. Bhd.)	Malaysia	100	100	Provision of transport and travel services

17. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Equity interest held (%) 2010	2009	Principal activities
Held by Taipan Merit Sdn. Bhd.				
Lumut Maritime Terminal Sdn. Bhd.* (Note 38(f))	Malaysia	50 plus 1 share	50 plus 1 share	Development of an integrated privatised project encompassing ownership and operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities
Casuarina Hotel Management Sdn. Bhd. (formerly known as Cash Hotel Sdn. Bhd.) (Note 38(b))	Malaysia	79.57	61.16	Hotelier, restaurateur and property developer
Held by Lumut Maritime Terminal Sdn. Bhd.				
LMT Capital Sdn. Bhd.*	Malaysia	100	100	Issuance and redemption of Redeemable Preference Shares. The Redeemable Preference Shares were fully redeemed in 2003. The company is currently dormant
Held by Cash Hotel Sdn. Bhd.				
Silveritage Corporation Sdn. Bhd.	Malaysia	100	100	Development of tourism projects
Held by Silveritage Corporation Sdn. Bhd.				
Cash Complex Sdn. Bhd. (Note 38(c))	Malaysia	73.91	50.48	Investment holding

* Audited by firm of auditors other than Ernst & Young

17. Investments in subsidiaries (contd.)

Acquisition of minority interest

During the year, the Group's subsidiaries, Taipan Merit Sdn. Bhd. and Silveritage Corporation Sdn. Bhd., acquired additional equity interests in Casuarina Hotel Management Sdn. Bhd. and Cash Complex Sdn. Bhd. respectively from their minority interests. On the date of acquisition, the carrying value of the additional interest acquired was RM9,506,890. The difference between the consideration and the book value of the interest acquired of RM1,467,440 being excess of the Group's shares in the net fair value of the subsidiaries' identifiable net assets on the acquisition of minority interests is reflected in profit or loss.

Equity loans to subsidiaries

The amount due from subsidiaries are unsecured, non-interest bearing and not repayable on demand by the respective subsidiaries and as such, the fair value of these amounts cannot be reliably measured, and consequently, these amounts have been measured at cost and being classified as equity contribution by the Company in the respective subsidiaries.

The directors are of the opinion that the fair values of the subsidiaries are not less than their carrying values as at 31 December 2010. The Company and its ultimate holding corporation will continue to assist in the development of the projects undertaken by the respective subsidiaries as and when required.

18. Investments in associate

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
At cost:				
Unquoted shares in Malaysia	3,992,793	3,992,793	3,992,793	3,992,793
Share of post-acquisition reserves	(2,007,231)	(2,005,794)	-	-
	1,985,562	1,986,999	3,992,793	3,992,793

The Group's interest in the associate is analysed as follows:

	2010	2009
	RM	RM
Share of net assets	1,985,562	1,986,999

18. Investments in associate (contd.)

Details of the associate are as follows:

Name of associate	Country of incorporation	Equity interest held (%) 2010	Equity interest held (%) 2009	Principal activities
West Coast Expressway Sdn. Bhd. (formerly known as Konsortium LPB Sdn. Bhd.)* (Note 38(e))	Malaysia	12.19	12.19	To construct, operate and manage the operation of the privatised project West Coast Highway for a 30-year concession period

* Although the Group currently holds less than 20% of the voting power in West Coast Expressway Sdn. Bhd. ("WCE"), the Group exercises significant influence by virtue of its contractual right to appoint two directors to the Board of this associate.

The financial statements of WCE, which have a financial year end of 31 January to conform with its holding company's financial year end, are not coterminous with those of the Group. For the purpose of applying the equity method of accounting, the management accounts of WCE for the period ended 31 December 2010 have been used.

The summarised financial information of the associate is as follows:

	2010 RM	2009 RM
Assets and liabilities		
Current assets	8,374,172	8,071,484
Non-current assets	3,687	5,081
Total assets	8,377,859	8,076,565
Current liabilities	1,515,868	1,213,137
Non-current liabilities	4,876,000	4,876,000
Total liabilities	6,391,868	6,089,137
Results		
Revenue	-	-
Loss for the year	(1,437)	(3,505)

19. Other investments

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current				
Available-for-sale financial assets:				
- Quoted unit trusts in Malaysia	-	8,655,546	-	-
- Market value of quoted unit trusts	-	8,697,602	-	-
Non-current				
Available-for-sale financial assets:				
- Quoted shares in Malaysia * (Note 38(d))	33,000,000	-	-	-
- Market value of quoted shares	33,000,000	-	-	-
At cost:				
Unquoted shares in Malaysia	25,000	25,000	25,000	25,000
Less: Accumulated impairment losses	(8,659)	(8,659)	(8,659)	(8,659)
	16,341	16,341	16,341	16,341
	33,016,341	16,341	16,341	16,341

* The quoted shares are pledged to a financial institution as security for margin loan facilities granted to a subsidiary as disclosed in Note 27.

20. Intangible assets

	Group 2010 RM	2009 RM
Goodwill		
Cost		
At 1 January and at 31 December	23,829,682	23,829,682
Accumulated impairment losses		
At 1 January and at 31 December	18,679	18,679
Net carrying amount		
At 31 December	23,811,003	23,811,003

The carrying amount of goodwill is attributable to the acquisition of Lumut Maritime Terminal Sdn. Bhd. ("LMTSB"), which is a 50% + one share subsidiary of Taipan Merit Sdn. Bhd. which in turn is a wholly owned subsidiary of the Company. The principal activity of LMTSB is described in Note 17.

The annual impairment test of goodwill was based on its recoverable amount. The recoverable amount is determined based on value-in-use which was assessed by management using the estimated future net operating cashflows of the various strategic business units within LMTSB with annual growth rates ranging between 3% to 8% discounted at 4% annually to their present value covering a period of 5 years.

There is no impairment of goodwill as at reporting date as the recoverable amount of the cashflows was in excess of its carrying amount.

21. Inventories

	Group 2010 RM	2009 RM
At cost:		
Completed properties	565,217	1,893,073
Tools and spares	5,097,453	4,095,490
	5,662,670	5,988,563

22. Trade and other receivables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current				
Trade receivables				
Third parties	14,839,890	17,133,777	4,200,000	4,200,000
Amount due from related parties:				
Ultimate holding corporation	2,000,000	2,000,000	-	-
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	7,527,190	9,978,948	-	-
	24,367,080	29,112,725	4,200,000	4,200,000
Less:				
Allowance for impairment				
Third parties	(974,059)	(774,178)	-	-
Trade receivables, net	23,393,021	28,338,547	4,200,000	4,200,000
Other receivables				
Amount due from related parties:				
Ultimate holding corporation	4,622,769	6,738,814	120,016	-
Subsidiaries	-	-	41,315,970	50,409
Fellow subsidiaries of ultimate holding corporation	105,738,923	103,806,102	105,425,397	103,512,577
	110,361,692	110,544,916	146,861,383	103,562,986
Amount due from Lembaga Lebuhraya Malaysia	5,361,000	7,831,195	-	-
Deposits	111,410	96,910	250	250
Deposit paid for purchase of land	-	14,257,103	-	-
Deposit for purchase of shares in subsidiary (Note 38(b))	-	5,650,500	-	-
Others	1,035,913	496,874	80,622	28,073
	116,870,015	138,877,498	146,942,255	103,591,309
	140,263,036	167,216,045	151,142,255	107,791,309
Non-current				
Other receivables				
Amount due from subsidiaries	-	-	-	214,418,922

22. Trade and other receivables (contd.)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Total trade and other receivables (current and non-current)	140,263,036	167,216,045	151,142,255	322,210,231
Add: Cash and bank balances (Note 24)	146,604,062	133,320,071	11,635,620	8,915,539
Total loans and receivables	286,867,098	300,536,116	162,777,875	331,125,770

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. They are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Included in trade receivables of the Group and of the Company are amounts of RM4,200,000 (2009 : RM4,200,000) and RM4,200,000 (2008 : RM4,200,000) respectively payable by means of contra for works to be performed as negotiated by a subsidiary and the Company.

Ageing analysis of trade receivables

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

	Group	
	2010	2009
	RM	RM
Neither past due nor impaired	2,604,369	6,732,755
1 to 30 days past due not impaired	3,738,148	3,529,043
31 to 60 days past due not impaired	3,634,035	935,300
61 to 90 days past due not impaired	1,093,563	1,073,295
91 to 120 days past due not impaired	1,046,587	9,453,633
More than 121 days past due not impaired	11,276,319	6,614,521
	20,788,652	21,605,792
Impaired	974,059	774,178
	24,367,080	29,112,725

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired have good payment records with the Group. The amounts owing are mainly from new buyers of land. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

22. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired

The Group has trade receivables amounting of RM20,788,652 (2009 : RM21,605,792) that are past due at the reporting date but not impaired.

Included in trade receivables that are past due but not impaired at the reporting date are amounts totalling RM3,003,422 (2009 : RM2,971,511) which are secured by bank guarantee.

Trade receivables amounting to RM4,200,000 (2009 : RM4,200,000) will be settled by way of contra for works to be performed.

Trade receivables from sales of land amounting to RM7,397,154 (2009 : RM10,729,038) are deemed collectable as the land titles will only be transferred to the respective buyers upon their full payments being received. In the event that the buyers default on their payments, the deposits paid will be forfeited by the Company.

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

Receivables that are impaired

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

	Group	
	2010 RM	2009 RM
Trade receivables - nominal amounts	974,059	774,178
Less : Allowance for impairment	(974,059)	(774,178)
	-	-
Movement in allowance accounts:		
At 1 January	774,178	696,680
Charge for the year	831,435	123,028
Write off	(372,622)	-
Reversal of impairment loss in receivables	(258,932)	(45,530)
At 31 December	974,059	774,178

Trade receivables that are determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

22. Trade and other receivables (contd.)

(b) Related party balances (current)

Amount due from ultimate holding corporation

The amount due from ultimate holding corporation included in other receivables of the Group is unsecured, non-interest bearing and is repayable on demand by way of in-kind payment and contra of contract works for value of RM2,470,195 and RM661,352 respectively. The remaining balance will be settled in cash.

Amount due from fellow subsidiaries of ultimate holding corporation

Included in the amount due from fellow subsidiaries of the ultimate holding corporation of the Group and of the Company are advances together with accrued interests amounting to RM102,900,181 (2009 : RM100,987,361) which are unsecured, bear interest rate of 3% (2009 : 3%) per annum, and have no fixed terms of repayment.

The amounts due from fellow subsidiaries of the ultimate holding corporation of the Group and of the Company have been long outstanding. Based on the information available at the date of the financial statements, the directors are of the opinion that these amounts are fully recoverable as the ultimate holding corporation has undertaken to provide financial support to these fellow subsidiaries to meet their payment obligations.

At reporting date, the Group and the Company have taken the necessary steps to recover the amounts due, which include interalia:

(a) a working committee consisting of members representing both the Company and its subsidiaries and the related party debtors taking the required action;

(b) negotiating as agreed towards the settlement of the balances for settlement with cash, listed shares and procurement of parcels of lands which shall provide synergies with the segmental activities of the Group;

(c) ensuring proceeds receivable from projects being managed are received as planned; and

(d) taking legal action, where required

The above amounts are expected to be settled in the financial year ending 31 December 2011.

(c) Deposit paid for purchase of land

This represented the progressive payments made towards the purchase of land for future development by a subsidiary in previous years as disclosed in Note 37(iii).

(d) Amount due from subsidiaries (current)

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

22. Trade and other receivables (contd.)

(e) Amount due from Lembaga Lebuhraya Malaysia

This represents the compensation amount recoverable by a subsidiary from Lembaga Lebuhraya Malaysia for land surrendered by the subsidiary.

(f) Amount due from subsidiaries (non-current)

The amount due from subsidiaries in the previous year were unsecured, interest free and not repayable or due within the next twelve months except for an amount due from a subsidiary totalling RM1,411,344 which bore an interest rate of 7.2% per annum.

These amounts have been reassessed by the Company and reclassified as equity loans at 1 January 2010 upon adoption of FRS 139. Further details are disclosed as Note 2.3.

23. Other current assets

	Group	
	2010	2009
	RM	RM
Prepayments	231,132	469,952

24. Cash and bank balances

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash and bank balances	2,988,940	11,568,295	545,620	915,539
Deposits with licensed banks	143,615,122	121,751,776	11,090,000	8,000,000
	146,604,062	133,320,071	11,635,620	8,915,539

Included in the deposits with licensed banks of the Group are amounts totalling RM291,974 (2009 : RM551,974) pledged as securities for guarantees and other bank facilities granted to certain subsidiaries as referred to in Note 27.

The average interest rates of the deposits with licensed banks during the financial year range between 1.70% to 3.65% (2009 : 1.80% to 3.65%) per annum and the maturities of the deposits as at 31 December 2010 were between 1 day to 15 months (2009 : 1 day to 12 months).

Cash deposited in the designated disbursement account of a subsidiary amounting to RM8,356,220 (2009 : RM8,316,038) is not available for use by the Group as these amounts are reserved for the redemption of Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") as disclosed in Note 27.

25. Retrenchment benefits

	Group 2010 RM	2009 RM
At 1 January	211,526	-
Provision for retrenchment benefits	824,283	1,670,777
Retrenchment benefits paid	(215,103)	(1,459,251)
At 31 December	820,706	211,526

The provision for retrenchment benefits in the previous year was made for the eligible employees of Impiana Casuarina Hotel Ipoh upon the disposal of the hotel property as disclosed in Note 12. The provision for retrenchment benefits for the current year is made in accordance with additional claims by National Union of Hotel, Bar and Restaurants Workers as disclosed in Note 38(g).

26. Retirement benefits

	Group 2010 RM	2009 RM
At 1 January	201,804	1,777,843
Provision for retirement benefits	37,732	41,208
Retirement benefits paid	(18,091)	(383,690)
Reversal of retirement benefits	-	(1,233,557)
At 31 December	221,445	201,804
Analysed as:		
Current	-	17,840
Non-current	221,445	183,964
	221,445	201,804

A subsidiary of the Company operates an unfunded defined benefit scheme for its eligible employees ("the Scheme"). Under the Scheme, eligible employees are entitled to retirement benefits based on 15 days pay based on the last drawn basic salary for every completed year of service on attainment of retirement age of 58.

Upon the disposal of the hotel property in 2009, the subsidiary has not performed any valuation for the Scheme. The amount provided is mainly for the eligible remaining employees who are entitled to retirement benefits based on the said Scheme and will be retained in the financial statements until retirement of these employees.

26. Retirement benefits (contd.)

The summary analysis of the defined benefit scheme based on actuarial valuation performed were as follows:

(i) Statement of financial position

The amounts recognised in the statement of financial position are determined as follows:

	Group 2010 RM	Group 2009 RM
Present value of unfunded defined benefits obligations	221,445	201,804
Unrecognised actuarial losses	-	-
Unrecognised past service costs	-	-
Net liability	221,445	201,804
Analysed as:		
Current	-	17,840
Non-current	221,445	183,964
	221,445	201,804

Movement in the present value of the defined benefit obligations over the year is as follows:

	Group 2010 RM	Group 2009 RM
At 1 January	201,804	2,121,681
Current service cost	9,819	9,419
Interest cost	9,285	8,846
Past service cost	18,628	22,943
Cancellation of defined benefit plan	-	(1,577,395)
Benefits paid by the plan	(18,091)	(383,690)
At 31 December	221,445	201,804

(ii) Profit or loss

The amounts recognised in profit or loss are as follows:

	Group 2010 RM	Group 2009 RM
Current service cost	9,819	9,419
Reversal of retirement benefits	-	(1,233,557)
Interest cost	9,285	8,846
Past service cost recognised	18,628	22,943
Expense recognised in profit or loss	37,732	(1,192,349)

26. Retirement benefits (contd.)

The amounts recognised in profit or loss are included in the following line items:

	Group 2010 RM	Group 2009 RM
Other operating expenses		
Continuing operations	37,732	41,208
Discontinued operations	-	(1,233,557)

(iii) Actuarial assumption

The principal actuarial assumptions used for the purposes of the actuarial valuation were as follows:

	Group 2010 %	Group 2009 %
Discount rate	4.0	4.0
Expected rate of salary increases	5.0	5.0

27. Loans and borrowings

	Maturity	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current					
Secured:					
Hire purchase and finance lease liabilities (Note 28)	2011	282,883	268,001	31,337	15,492
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	2011	5,000,000	5,000,000	-	-
Margin loan for share financing	On demand	12,000,000	-	-	-
		17,282,883	5,268,001	31,337	15,492
Unsecured:					
Revolving credits	On demand	60,000,000	60,000,000	60,000,000	60,000,000
		77,282,883	65,268,001	60,031,337	60,015,492

27. Loans and borrowings (contd.)

		Group		Company	
		2010	2009	2010	2009
	Maturity	RM	RM	RM	RM
Non-current					
Secured:					
Hire purchase and finance lease liabilities (Note 28)	2012 - 2016	363,593	379,829	80,895	42,478
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	2012 - 2017	40,000,000	45,000,000	-	-
		40,363,593	45,379,829	80,895	42,478
Total borrowings					
Hire purchase and finance lease liabilities (Note 28)		646,476	647,830	112,232	57,970
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")		45,000,000	50,000,000	-	-
Margin loan for share financing		12,000,000	-	-	-
Revolving credits		60,000,000	60,000,000	60,000,000	60,000,000
		117,646,476	110,647,830	60,112,232	60,057,970
Maturity of borrowings (excluding hire purchase and finance lease and BaIDS):					
Within one year		72,000,000	60,000,000	60,000,000	60,000,000

Hire purchase and finance lease liabilities

The finance lease of the Group and of the Company bear interest at rates which range between 2.35% to 3.88% (2009 : 2.35% to 3.88%) per annum.

27. Loans and borrowings (contd.)

Bai Bithaman Ajil islamic debt securities ("BaIDS")

	Group 2010 RM	Group 2009 RM
Primary bonds	45,000,000	50,000,000
Secondary bonds	14,437,500	18,187,500
	59,437,500	68,187,500
Less: Secondary bonds	(14,437,500)	(18,187,500)
	45,000,000	50,000,000

	2010 Primary bonds RM	2010 Secondary bonds RM	2009 Primary bonds RM	2009 Secondary bonds RM
Maturity of BaIDS:				
Not later than 1 year	5,000,000	3,375,000	5,000,000	3,750,000
Later than 1 year and not later than 5 years	25,000,000	9,750,000	20,000,000	11,250,000
Later than 5 years	15,000,000	1,312,500	25,000,000	3,187,500
	40,000,000	11,062,500	45,000,000	14,437,500
	45,000,000	14,437,500	50,000,000	18,187,500

Pursuant to the financing procedure under the Syariah principle of Bai Bithaman Ajil, a subsidiary has entered into an asset sale and re-purchase agreement on 22 November 2004 under which a bank has agreed to grant the subsidiary the BaIDS facility with an aggregate face value of RM60 million. The BaIDS are constituted by a Trust Deed dated 22 November 2004 between the subsidiary and the Trustee for the holders of the BaIDS.

The BaIDS are of negotiable value, non-interest bearing secured Primary Bonds together with non-detachable Secondary Bonds. The Primary Bonds were issued in 10 series, with maturities between 2007 to 2017.

Each series of BaIDS comprises Primary BaIDS with a face value of between RM5 million and RM10 million each, to which shall be attached an appropriate number of Secondary Bonds, the face value of which represents the semi-annual profit of the bonds. The Secondary Bonds are redeemable every 6 months commencing from the issue date and the last of which shall be payable on the maturity date. The face value of the Secondary Bonds are computed based on the profit rate of 7.5% per annum.

27. Loans and borrowings (contd.)

Bai Bithaman Ajil islamic debt securities ("BaIDS") (contd.)

The BaIDS are secured by way of:

(i) an assignment of the subsidiary's rights under the operations and maintenance agreements ("OMA") with Lekir Bulk Terminal Sdn. Bhd. ("LBT");

(ii) a charge over a Designated Account of the subsidiary into which only the Fixed Project Consideration received from LBT under the OMA will be paid; and

(iii) a Power of Attorney from the subsidiary for the appointment by the security trustee for the BaIDS, of a competent port operator as a sub-contractor of the subsidiary to fulfill its responsibilities in the event of non-performance by the subsidiary under the OMA.

The major covenants of the BaIDS are as follows:

Positive Covenants

The subsidiary shall:

(i) maintain a debt to equity ratio of not exceeding 70:30;

(ii) maintain all insurance necessary for its business as required under the OMA;

(iii) cause and ensure that the current shareholders remain unchanged unless with the prior consent of the Trustee; and

(iv) perform and carry out all and any of its obligations under the OMA.

Negative Covenants

The subsidiary shall not without the prior written consent of the Trustee:

(i) reduce its authorised and/or issued ordinary shares save and except for redemption of preference share capital and any decrease in its issued capital resulting from purchases of its own shares;

(ii) incur, assume, guarantee or permit to exist any debt that will in aggregate exceed its Debt to Equity Ratio of 70:30;

27. Loans and borrowings (contd.)

Bai Bithaman Ajil islamic debt securities ("BaIDS") (contd.)

(iii) save for the Leasehold Industrial Land, dispose of any such assets which will materially and adversely affect its business operations;

(iv) amend the OMA so as to affect the Fixed Project Consideration; and

(v) declare, pay dividends or make any distribution to equity investors or payment on any subordinated debt if an event default has occurred or the proceeds accounts is at any time less than the profit and principal payment due within the next six months.

Margin loan for share financing

The margin loan for share financing bears interest at 9% per annum (2009 : Nil) and is secured by way of quoted shares held by a subsidiary and ultimate holding corporation.

Revolving credits

The revolving credits of the Group and of the Company bear interest at 5.9% (2009 : 5.9%) per annum.

Interest on revolving credits is subject to floating interest rates which is repriced annually.

28. Hire purchase and finance lease commitments

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	314,137	306,170	37,908	19,104
Later than 1 year and not later than 5 years	410,080	415,259	88,157	46,168
	724,217	721,429	126,065	65,272
Less: Finance charges	(77,741)	(73,599)	(13,833)	(7,302)
	646,476	647,830	112,232	57,970
Present value of payments:				
Amount due within 12 months (Note 27)	282,883	268,001	31,337	15,492
Amount due after 12 months (Note 27)	363,593	379,829	80,895	42,478
	646,476	647,830	112,232	57,970

29. Trade and other payables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current				
Trade payables				
Third parties	3,804,477	7,510,260	-	-
Other payables				
Amount due to related parties:				
Ultimate holding corporation	696,337	535,992	-	273,727
Subsidiary	-	-	1,091,000	830,000
Fellow subsidiaries of ultimate holding corporation	-	303,594	-	303,594
Other related parties	3,253,493	3,343,492	-	972,442
	3,949,830	4,183,078	1,091,000	2,379,763
Deposits received	8,135,975	6,635,845	3,242,198	6,324,397
Deposit received on proposed disposal of investment in associate (Note 38(e))	400,000	-	400,000	-
Advances from purchasers	2,017,091	2,002,868	-	-
Tender deposits received from contractors	173,470	170,690	-	-
Accruals	2,064,610	2,820,110	464,035	343,464
Amount payable for the purchase of land	7,083,803	11,901,640	5,221,026	10,519,919
Funds for Operations and Maintenance (O & M)	11,009,173	10,841,411	-	-
Sundry payables	170,486	731,493	-	-
	35,004,438	39,287,135	10,418,259	19,567,543
	38,808,915	46,797,395	10,418,259	19,567,543
Non-current				
Amount due to a subsidiary	-	-	-	1,215,977
Total trade and other payables (current and non-current)	38,808,915	46,797,395	10,418,259	20,783,520
Add: Loans and borrowings (Note 27)	117,646,476	110,647,830	60,112,232	60,057,970
Total financial liabilities carried at amortised cost	156,455,391	157,445,225	70,530,491	80,841,490

29. Trade and other payables (contd.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within 7 to 90 days.

(b) Other payables (current)

The amount due to related parties of the Group and of the Company are unsecured, non-interest bearing and are repayable on demand.

The Funds for Operations and Maintenance (O&M) of the Group represents advances from Lekir Bulk Terminal Sdn. Bhd. ("LBT") to a subsidiary for expenses and the sole purpose of procuring parts/tools and equipment as stipulated under Clause 6.7 of the Operations and Maintenance Agreement dated 30 June 2000 between the subsidiary and LBT.

Included in Funds for Operations and Maintenance (O&M) of the Group is also an amount of RM1,011,161 (2009 : RM1,011,161) representing the balance of amount due arising from the acquisition of certain properties.

(c) Amount due to a subsidiary (non-current)

The amount due to a subsidiary in the previous year was unsecured, interest free and not repayable or due within the next twelve months.

An amount of RM124,977 has been settled during the financial year. The remaining balance has been reclassified as current as it is repayable on demand.

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30. Deferred tax

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

Group

	As at 1 January 2009 RM	Recognised in profit or loss RM	As at 31 December 2009 RM	Recognised in profit or loss RM	As at 31 December 2010 RM
Deferred tax liabilities:					
Property, plant and equipment and port facilties	5,543,075	(384,709)	5,158,366	181,798	5,340,164
Deferred tax assets:					
Retirement benefits	(246,933)	246,933	-	-	-
Unabsorbed capital allowances	(444,461)	444,461	-	-	-
Other provision	(38,000)	35,681	(2,319)	2,319	-
	(729,394)	727,075	(2,319)	2,319	-
	4,813,681	342,366	5,156,047	184,117	5,340,164

30. Deferred tax (contd.)

Presented after appropriate offsetting as follows:

	Group 2010 RM	Group 2009 RM
Deferred tax assets	-	(2,319)
Deferred tax liabilities	5,340,164	5,158,366
	5,340,164	5,156,047

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

	Group 2010 RM	Group 2009 RM
Unutilised business losses	772,328	1,016,565
Unabsorbed capital allowances	22,269	-
Other deductible temporary differences	1,023,023	201,804
	1,817,620	1,218,369
Potential deferred tax benefit @ 25%	454,405	304,592

31. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	100,000,000	100,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. Share premium

The share premium account may be applied in paying up unissued shares as fully paid bonus shares.

33. Fair value adjustment reserve

	Group	
	2010 RM	2009 RM
At 1 January	-	-
Effects of adopting FRS 139	42,046	-
	42,046	-
Available-for-sale financial assets:		
- gain on fair value changes	2,953,800	-
- transfer to profit or loss upon disposal	(42,046)	-
At 31 December	2,953,800	-

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

34. Retained earnings

As at 31 December 2010, the Company has tax exempt profits available for distribution as tax exempt dividends of approximately RM1,134,000 (2009 : RM1,134,000).

Prior to year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

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

As at 31 December 2010, the Company has sufficient credit in the 108 balance and balance in the tax exempt income account to pay dividends amounting to approximately RM23,768,000 (2009 : RM25,643,000) out of its retained earnings. The Company may distribute the balance of the retained earnings of approximately RM36,571,000 (2009 : RM31,730,000) as dividends under the single tier system.

35. Dividend

	Group and Company				
	Dividend in respect of Year			Dividends Recognised in Year	
	2010 RM	2009 RM	2008 RM	2010 RM	2009 RM
Final dividend for 2009: 2.5% less 25% taxation (2008 : 2.5% less 25% taxation) on 100,000,000 ordinary shares [1.88 (2008 : 1.88 sen) sen per ordinary share]	-	1,875,000	1,875,000	1,875,000	1,875,000
Proposed for approval at AGM (not recognised as at 31 December):					
Final dividend for 2010: 2.5% less 25% taxation, on 100,000,000 ordinary shares (1.88 sen per ordinary share)	1,875,000	-	-	-	-
	1,875,000	1,875,000	1,875,000	1,875,000	1,875,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2010 of 2.5% less 25% taxation on 100,000,000 ordinary shares, amounting to a dividend payable of RM1,875,000 (1.88 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2011.

36. Related party disclosures

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Transactions with the ultimate holding corporation				
Advances paid	(661,809)	(3,651,352)	-	-
Disbursements	(338,112)	49,279	(338,112)	49,279
Management fee expense	800,000	276,000	800,000	276,000
Project expenditure	800,000	1,304,000	800,000	1,304,000
Rental payable	258,895	321,502	258,895	321,502
Project management income	(22,280)	(121,271)	-	-
Rental income	(2,023,549)	(2,023,549)	(2,023,549)	(2,023,549)
Transfer of debts	(931,123)	-	-	-
Repayment of advances	4,803,318	1,439,572	109,023	547,454
Transactions with subsidiaries				
Repayment of advances	-	-	19,164,966	723,656
Advances (paid)/received	-	-	(20,337,974)	46,941
Accounting fees	-	-	(44,578)	(35,762)
Interest income	-	-	-	(128,934)
Management fee income	-	-	(132,000)	(132,000)
Sale of land	-	-	-	(593,880)
transfer of land costs	-	-	32,249	97,405
Transactions with fellow subsidiaries of the ultimate holding corporation				
Interest income	(866,359)	(878,793)	(866,359)	(878,793)
Advances paid	(1,405,827)	(127,411)	(1,405,828)	(127,411)
Management fees	(300,000)	(240,000)	-	-
Repayment of advances	335,773	-	55,773	-

36. Related party disclosures (contd.)

Transactions with related parties

Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Management fee expense	500,000	600,000	-	-
Port services payable	6,085,500	5,883,000	-	-
Fixed monthly charges	108,000	108,000	-	-
Port services receivable	(29,322,236)	(26,673,540)	-	-

Account balances with significant related parties of the Group and of the Company at year end are as follows:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Account balances with the ultimate holding corporation				
Receivables	6,622,769	8,738,814	120,016	-
Payables	(696,337)	(535,992)	-	(273,727)
Account balances with subsidiaries				
Receivables	-	-	214,831,691	214,469,331
Payables	-	-	(1,091,000)	(2,045,977)
Account balances with fellow subsidiaries of ultimate holding corporation				
Receivables	105,738,922	103,806,102	105,425,397	103,512,577
Payables	-	(303,594)	-	(303,594)

36. Related party disclosures (contd.)

A corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Integrax Bhd	(50,587)	(100,000)	-	-

Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Receivables	7,527,190	9,978,948	-	-
Payables	(3,253,493)	(3,343,492)	-	(972,442)

The remuneration of directors and other members of key management during the year was as follows:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Salaries and allowances	1,583,408	1,302,367	591,861	463,093

Included in the total remuneration of key management personnel are:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Directors' remuneration	288,600	101,614	168,600	61,614

37. Commitments

Capital commitments

Capital expenditure as at the reporting date are as follows:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
(i) Authorised but not contracted for:				
Property, plant and equipment	30,000	60,000	10,000	10,000
Port facilities	2,475,000	12,468,340	-	-
Land and building	41,641,025	-	-	-
Purchase of additional shares in a subsidiary from minority interest	-	2,228,850	-	-
	44,146,025	14,757,190	10,000	10,000
(ii) Contracted but not provided for:				
Port facilities	7,155,218	620,943	-	-

(iii) Purchase of land

On 23 January 2007, a wholly owned subsidiary, PCB Development Sdn. Bhd. ("PCBD") entered into a sale and purchase agreement ("the Agreement") with Seriemas Development Sdn Bhd. (previously known as I & P Seriemas Development Sdn. Bhd.) to purchase several pieces of land for a total consideration of RM24,326,304 for future development purposes.

Upon execution of the Agreement, PCBD paid a deposit of RM2,342,630. The remaining balance of the consideration is to be settled within thirty six months via twelve quarterly instalments effective from 1 April 2007.

As at 31 December 2010, the total consideration of RM24,326,304 (2009 : RM14,257,103) has been fully settled.

As at todate, the land titles have yet to be transferred to PCBD.

38. Significant and/or recurring events

(a) On 21 August 2008, the Company entered into a Conditional Sale and Purchase Agreement with Putera Capital Berhad ("Putera") to dispose of its entire equity interest in an associate, West Coast Expressway Sdn. Bhd. (formerly known as Konsortium LPB Sdn. Bhd.) ("WCE"), comprising 3.31 million ordinary shares @ RM1.00 each, representing 12.19% of the issued and paid up share capital of WCE for a total consideration of RM6 million ("the Proposed Disposal"), subject to fulfillment of certain conditions precedent. Upon completion of the Proposed Disposal, WCE shall cease to be an associate of the Company.

On 28 January 2010, the Company mutually agreed with Putera to rescind the Conditional Sale and Purchase Agreement due to the conditions precedent have not been fulfilled within the stipulated time frame.

(b) In the previous financial year, Taipan Merit Sdn. Bhd.("TMSB"), a subsidiary of the Company entered into :

(i) a share sale agreement with Tasek Corporation Berhad to acquire 3,936,000 ordinary shares of RM1 each, representing 9.2% equity interest in Casuarina Hotel Management Sdn. Bhd. (formerly known as Cash Hotel Sdn. Bhd.)("CHMSB"), for a total cash consideration of RM3,936,000; and

(ii) a share sale agreement with Zarib Holding Sdn. Bhd. to acquire 1,714,500 ordinary shares of RM1 each, representing 4.0% equity interest in CHMSB, for a total cash consideration of RM1,714,500.

As at 31 December 2009, the above acquisitions have not been completed.

During the financial year, TMSB entered into a share sale agreement with Yayasan Perak to acquire 2,228,850 ordinary shares of RM1 each, representing 5% equity interest in CHMSB for a total consideration of RM2,228,850.

The above acquisitions have been completed during the financial year and the equity interest in CHMSB has been increased from 61.16% to 79.57%.

(c) During the financial year, Silveritage Corporation Sdn. Bhd. ("SCSB"), through its penultimate holding company, Taipan Merit Sdn. Bhd. ("TMSB"), entered into a share sale and purchase agreement with Yayasan Perak, to acquire 240,000 ordinary shares of RM1 each in Cash Complex Sdn. Bhd. ("CCSB") for a nominal sum of RM100. Upon the acquisition, the equity interest in CCSB increased from 50.48% to 73.91%.

38. Significant and/or recurring events (contd.)

(d) On 26 November 2010, Taipan Merit Sdn. Bhd. ("TMSB"), a wholly owned-subsidiary of the Company has acquired 20,000,000 ordinary shares of RM1.00 each in Integrax, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB"), representing 6.65% of the issued and paid up share capital of Integrax for a total cash consideration of approximately RM30.05 million ("Acquisition").

The consideration in respect of the Acquisition has been satisfied in the following manner:

a) a sum of RM12 million financed by borrowing from a financial institution via a Margin Financing Facility Agreement for the sole purpose of financing the Acquisition; and

b) the balance of the consideration via cash.

On 28 February 2011, the above acquisition has been authorised and ratified by the shareholders at the Extraordinary General Meeting held.

(e) On 22 October 2010, the Company has entered into a Conditional Sale and Purchase Agreement with Prominent Xtreme Sdn. Bhd. ("Prominex") to dispose of its entire equity interest in an associate, West Coast Expressway Sdn. Bhd. (formerly known as Konsortium LPB Sdn. Bhd.) ("WCE"), comprising 3.31 million ordinary shares @ RM1.00 each, representing 12.19% of the issued and paid up share capital of WCE for a total consideration of RM4 million ("the Proposed Disposal"), subject to fulfillment of certain conditions precedent. Upon completion of the Proposed Disposal, WCE shall cease to be an associate of the Company.

Upon signing of agreement, PCB has received RM400,000 as earnest deposit.

As at 31 December 2010, the Proposed Disposal is still pending as the conditions precedent set have yet to be fulfilled. The asset has not been classified as non-current asset held for sale as the Proposed Disposal is not expected to be completed within the next twelve months.

On 18 March 2011, the Company has received full payment of the balance purchase price of RM3.6 million from Prominex. However, the entire amount paid by Prominex is refundable in the event that the proposed disposal is not approved by the relevant authorities.

38. Significant and/or recurring events (contd.)

(f) On 28 October 2010, Taipan Merit Sdn. Bhd., a subsidiary of the Company has terminated the Shareholders Agreement dated 21 September 2001 as amended by Addendum No 1 of 21 September 2001 and Addendum No 2 of 1 December 2003 (collectively referred to as the "SHA") between TMSB and Integrax governing the management of Lumut Maritime Terminal Sdn. Bhd. ("LMTSB") which is in turn a subsidiary of TMSB ("Termination") for fundamental breach in respect of the unilateral actions of Integrax on 8 October 2010 in taking control of the management of LMTSB was alleged an usurpation of the powers of the Board of Directors of LMTSB to run the business affairs of LMTSB in contravention of the SHA and being in non-compliance of Section 131B of the Companies Act, 1965.

Following the Termination, Integrax has on 10 November 2010 issued a notice to arbitrate the alleged unlawful Termination by TMSB. In addition, on the same notice, Integrax purportedly exercised its right to an option to require TMSB to sell its shares in LMTSB to Integrax pursuant to the provisions of the SHA ("Option") as the Option belongs to the non-defaulting party. However, TMSB had reserved this right for itself upon the termination of the SHA.

The arbitration is currently before a panel of three arbitrators with the disputed parties commencing to file their respective claims and defences. The arbitration is set for hearing in May 2011.

(g) During the financial year, National Union of Hotel, Bar and Restaurant workers ("NUH") has instituted a claim against Casuarina Hotel Management Sdn. Bhd. (formerly known as Cash Hotel Sdn. Bhd.) ("CHMSB"), a subsidiary of the Company, for the annual bonus and retrenchment benefits and service charge on behalf of the retrenched workers upon disposal of the hotel building in the previous year.

On 1 December 2010, the Industrial Court awarded the case against CHMSB and ordered CHMSB to comply with the collective agreement within three months from the date of award.

On 31 December 2010, an amount of RM820,706 being the expected settlement claim has been provided for in the financial statements for the year.

Subsequent to the end of the financial year, part of the amount has been settled.

39. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group 2010 Carrying amount RM	Group 2010 Fair value RM	Company 2010 Carrying amount RM	Company 2010 Fair value RM
Financial assets :					
Other investments (non-current)					
- Unquoted shares in Malaysia	19	16,341	#	16,341	#
Financial liabilities					
Loans and borrowings (non-current)					
- Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	27	45,000,000	37,158,217	-	-
- Hire purchase and finance lease liabilities	28	363,593	388,431	80,895	86,281

	Note	Group 2009 Carrying amount RM	Group 2009 Fair value RM	Company 2009 Carrying amount RM	Company 2009 Fair value RM
Financial assets :					
Other investments (current)					
- Quoted unit trusts in Malaysia	19	8,655,546	8,697,602	-	-
Other investments (non-current)					
- Unquoted shares in Malaysia	19	16,341	#	16,341	#

39. Fair value of financial instruments (contd.)

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (contd.)

		Group 2009		Company 2009	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities :					
Loans and borrowings (non-current)					
- Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	27	50,000,000	41,283,563	-	-
- Hire purchase and finance lease liabilities	28	379,829	414,929	42,478	45,192

\# Fair value information has not been disclosed for the Group's and the Company's investments in equity instruments that are carried at cost because fair value cannot be measured reliably.

(b) Determination of fair value

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

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

	Note
Other investments - quoted shares (non-current)	19
Trade and other receivables (current)	22
Trade and other payables (current)	29
Loans and borrowings (current)	27
Loans and borrowings (non-current)	27

39. Fair value of financial instruments (contd.)

(b) Determination of fair value (contd.)

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

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

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

Quoted shares

Fair value is determined directly by reference to their published market bid price at the reporting date.

40. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, foreign exchange and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(i) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no substantial long-term interest-bearing assets as at 31 December 2010. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

40. Financial risk management objectives and policies (contd.)

(i) Interest rate risk (contd.)

<u>Sensitivity analysis for the interest rate risk</u>

	Note	Effective interest rate per annum 2010 (%)	Group 2010 RM	Group 2009 RM
Loans and borrowings				
- Hire purchase and finance lease liabilities	**(a)**	2.35 - 3.88	646,476	647,830
- BaIDS	**(b)**	7.5	45,000,000	50,000,000
- Margin loan share financing	**(c)**	9	12,000,000	-
- Revolving credits	**(d)**	5.9	60,000,000	60,000,000
			117,646,476	110,647,830

(a) Any fluctuation in interest rate is not expected to have a material impact on the financial performance of the Group.

(b) The Group did not account for the fixed rate BaIDS at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect financial performance of the Group.

(c) The interest rate charged by the financial institution is at fixed rate. Hence there is no interest rate risk exposure to the Company. The Company is expected to make repayments within 12 months from the date of the agreement which is before the financial year ending 31 December 2011.

(d) The borrowings are given to a subsidiary of the ultimate holding corporation and all interest being charged by the bank are also being recharged to the fellow subsidiary. The Company also charged 3% administrative charges for any amount of interest that was paid on its behalf. Therefore, any fluctuation in interest rate is not expected to have a material impact on the financial performance of the Group.

(ii) 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 actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

40. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2010								
Group								
Financial liabilities:								
Trade and other payables	29	(38,808,915)	-	-	-	-	-	(38,808,915)
Loan and borrowings								
- Hire purchase and finance lease liabilities	28	(282,883)	(236,145)	(69,187)	(47,970)	(10,291)	-	(646,476)
- Bai Bithaman Ajil Islamic Debt Securities	27	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(20,000,000)	(45,000,000)
- Margin loan for share financing	27	(12,000,000)	-	-	-	-	-	(12,000,000)
- Revolving credits	27	(60,000,000)	-	-	-	-	-	(60,000,000)

40. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2010								
Company								
Financial liabilities:								
Trade and other payables	29	(10,418,259)	-	-	-	-	-	(10,418,259)
Loan and borrowings								
- Hire purchase and finance lease liabilities	28	(31,337)	(33,663)	(24,663)	(17,932)	(4,637)	-	(112,232)
- Revolving credits	27	(60,000,000)	-	-	-	-	-	(60,000,000)

40. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2009								
Group								
Financial liabilities:								
Trade and other payables	29	(46,797,395)	-	-	-	-	-	(46,797,395)
Loan and borrowings								
- Hire purchase and finance lease liabilities	28	(268,001)	(299,573)	(40,615)	(31,531)	(8,110)	-	(647,830)
- Bai Bithaman Ajil Islamic Debt Securities	27	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(25,000,000)	(50,000,000)
- Revolving credits	27	(60,000,000)	-	-	-	-	-	(60,000,000)

40. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2009								
Company								
Financial liabilities:								
Trade and other payables	29	(19,567,543)	-	-	-	-	-	(19,567,543)
Loan and borrowings								
- Hire purchase and finance lease liabilities	28	(15,492)	(16,711)	(17,934)	(7,833)	-	-	(57,970)
- Revolving credits	27	(60,000,000)	-	-	-	-	-	(60,000,000)

40. Financial risk management objectives and policies (contd.)

(iii) Foreign exchange risk

The Group's sales transactions are mainly in Malaysian Ringgit and are thus not exposed to foreign exchange risk.

(iv) Credit risk

The Group's credit policy and guidelines assess, evaluate and monitor credit risk of trade receivables. Credit risk is controlled via credit worthiness checking, credit limits, credit term setting and approval and credit risk exception reporting. Trade receivables are monitored on an ongoing basis as well as on a case by case basis, especially for the purchasers of land.

Exposure to credit risk

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

Information regarding credit enhancements for trade and other receivables is disclosed in Note 22.

At the reporting date, approximately 79% (2009 : 66%) of the Group's trade and other receivables were due from related parties while 97% (2009 : 96%) of the Company's receivables were balances with related parties.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

41. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the businesses.

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 ensure that the gearing ratio is kept low in order that it does not exceed 30% as far as possible to enable the Group to meet its financial obligations without encountering difficulties. The gearing equity ratios at 31 December 2010 and 2009 were as follows:

	Note	Group 2010 RM	Group 2009 RM
Total loans and borrowings	27	117,646,476	110,647,830
Trade and other payables	29	38,808,915	46,797,395
Less: Cash and cash equivalents	24	(146,604,062)	(133,320,071)
Net debt		9,851,329	24,125,154
Equity attributable to the owners of the parent		410,043,255	391,209,057
Less: - Fair value adjustment reserve		(2,953,800)	-
Total capital		407,089,455	391,209,057
Capital and net debt		416,940,784	415,334,211
Gearing ratio		2%	6%

42. Comparatives

The presentation and classification of items in the current year's financial statements have been consistent with the previous financial year except that certain comparative amounts have been restated as a result of changes in accounting policies in Note 2.3.

43. Segmental information

Segment information is presented in respect of the Group's business segments. No geographical segment analysis is prepared as the Group's business activities are predominantly located in Malaysia.

The Group is organised into three major business segments:

(i) Infrastructure

Maritime services in respect of the development of an integrated privatised project and encompassing operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities;

(ii) Township Development

The township development of real property and ancillary services; and

(iii) Management services and others

Provision of management services and other business segments which include property investment and distribution, none of which are of a sufficient size to be reported separately.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of the Group's business segments 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. Within the Group's business segments, the financing resources (including finance costs) and income taxes are not apportioned to the individual strategic operating units. These are managed and allocated as a whole against the total operating profit or loss of the business segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms.

43. Segmental information (contd.)

31 December 2010	Infrastructure RM	Township development RM	Management services and others RM	Continuing operations Total RM	Hotel and tourism (Discontinued operations) Total RM	Adjustment and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:								
External customer	79,952,812	10,874,321	12,670,989	103,498,122	-	-		103,498,122
Inter-segment revenue	-	14,115,440	2,697,345	16,812,785	-	(16,812,785)	A	-
Total revenue	79,952,812	24,989,761	15,368,334	120,310,907	-	(16,812,785)		103,498,122
Results:								
Interest income	1,171,556	154,673	4,353,542	5,679,771	-	-		5,679,771
Dividend income	-	-	2,679,985	2,679,985	-	(2,565,345)	B	114,640
Depreciation	(2,549,132)	(237,178)	(208,306)	(2,994,616)	-	-		(2,994,616)
Finance costs	(3,736,886)	(7,797)	(113,266)	(3,857,949)	-	-		(3,857,949)
Share of results of associates	-	-	-	-	-	(1,437)	B	(1,437)
Reportable segment profit before income tax	38,628,634	6,443,072	8,883,376	53,955,082	-	(7,778,313)	B	46,176,769
Reportable segment profit after income tax	28,777,996	4,551,966	6,152,655	39,482,617	-	(7,136,976)	C	32,345,641

43. Segmental information (contd.)

	Infrastructure RM	Township development RM	Management services and others RM	Continuing operations Total RM	Hotel and tourism (Discontinued operations) Total RM	Adjustment and eliminations RM		Per consolidated financial statements RM
31 December 2010 (contd.)								
Other non-cash items:								
Allowance for impairment in receivables	631,435	-	200,000	831,435	-	-		831,435
Impairment loss in receivables	57,155	22,072	210,122	289,349		(2,867)	B	286,482
Property, plant and equipment written off	-	-	14,338	14,338	-	-		14,338
Provision for retrenchment benefits	-	-	824,283	824,283	-	-		824,283
Provision for retirement benefits	-	-	37,732	37,732	-	-		37,732
Fair value gain on other investments	-	-	(2,953,800)	(2,953,800)	-	-		(2,953,800)
Assets and liabilities								
Additions to non-current assets								
Property, plant and equipment	333,554	163,425	14,284,085	14,781,064	-	(14,115,440)	E	665,624
Port facilities	1,693,386	-	-	1,693,386	-	-		1,693,386
Other investments	-	-	33,000,000	33,000,000	-	-		33,000,000
Reporting segment assets	207,204,727	142,741,026	616,659,270	966,605,023	-	(310,757,615)	D	655,847,408
Reporting segment liabilities	(66,037,359)	(52,993,179)	(88,678,329)	(207,708,867)	-	43,173,411	E	(164,535,456)

43. Segmental information (contd.)

	Infrastructure RM	Township development RM	Management services and others RM	Continuing operations Total RM	Hotel and tourism (Discontinued operations) Total RM	Adjustment and eliminations RM		Per consolidated financial statements RM
31 December 2009 (Restated)								
Revenue								
External revenue	70,548,721	22,338,330	2,842,537	95,729,588	12,932,826	(593,882)	A	108,068,532
Inter-segment revenue	-	-	23,632,001	23,632,001	-	(23,632,001)	A	-
Total revenue	70,548,721	22,338,330	26,474,538	119,361,589	12,932,826	(24,225,883)		108,068,532
Results								
Interest income	-	567	2,271,032	2,271,599	3,388	(128,934)	B	2,146,053
Dividend income	-	-	17,751,716	-	-	(17,625,001)	B	126,715
Depreciation	(2,554,215)	(165,824)	(242,653)	(2,962,692)	(1,928,821)	-		(4,891,513)
Finance costs	(4,111,740)	(132,127)	(28,666)	(4,272,533)	-	128,934	B	(4,143,599)
Share of results of associates	-	-	-	-	-	(3,505)	B	(3,505)
Reportable segment profit before income tax	33,617,638	1,321,945	23,151,644	58,091,227	(2,339,038)	(23,503,505)	B	32,248,684
Reportable segment profit after income tax	25,483,016	796,722	16,587,268	42,867,006	(2,339,038)	(17,628,506)	C	22,899,462

43. Segmental information (contd.)

31 December 2009 (restated) (contd.)	Infrastructure RM	Township development RM	Management services and others RM	Continued operations Total	Hotel and tourism (Discontinued operations) Total RM	Adjustment and eliminations RM		Per consolidated financial statements RM
Other non-cash items:								
Allowance/(Reversal) for impairment in receivables	1,181	-	123,028	124,209	(45,530)	-		78,679
Depreciation	2,554,215	165,824	242,653	2,962,692	1,928,821	-		4,891,513
(Gain)/Loss on disposal of property, plant and equipment	-	(19,999)	1,356,638	1,336,639	-	-		1,336,639
Reversal of impairment loss in other investments	-	-	(16,341)	(16,341)	-	-		(16,341)
Property, plant and equipment written off	-	1	-	1	1,821,569	-		1,821,570
Provision for retrenchment benefits				-	1,670,777			1,670,777
Provision for retirement benefits	-	-	41,208	41,208	(1,233,557)	-		(1,192,349)
Assets and liabilities								
Additions to non-current assets								
Property, plant and equipment	145,572	647,993	596,735	1,390,300	-	-		1,390,300
Port facilities	3,418,365	-	-	3,418,365	-	-		3,418,365
Reporting segment assets	185,305,950	152,336,512	598,424,611	936,067,073	-	(302,641,475)	D	633,425,598
Reporting segment liabilities	(72,916,578)	(123,140,631)	(186,539,296)	(382,596,505)	-	216,565,308	E	(166,031,197)

43. Segmental information (contd.)

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

A Inter-segment revenue are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of comprehensive income.

	2010 RM	2009 RM
Inter-segment dividends elimination	(2,565,345)	(17,625,001)
Interest income	-	128,934
Share of results of associates	(1,437)	(3,505)
Inter-segment sales elimination	(14,247,440)	(5,742,511)
Inter-segment costs elimination	9,035,909	(261,422)
	(7,778,313)	(23,503,505)

C The following items are added to/(deducted from) segment profit to arrive at "Profit from continuing operations, net of tax" presented in the consolidated statement of comprehensive income.

	2010 RM	2009 RM
Inter-segment dividends elimination	(2,565,345)	(17,625,001)
Finance cost	-	128,934
Segments results of discontinued operation	-	(2,339,038)
Share of results of associates	(1,437)	(3,505)
Inter-segment sales elimination	(14,247,440)	(5,742,511)
Inter-segment costs elimination	9,035,909	(261,422)
Unallocated corporate expenses	641,337	8,214,037
	(7,136,976)	(17,628,506)

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

	2010 RM	2009 RM
Inter-segment assets elimination		
- subsidiaries	(332,561,387)	(324,446,684)
- associates	(2,007,231)	(2,005,794)
Goodwill on consolidation	23,811,003	23,811,003
	(310,757,615)	(302,641,475)

43. Segmental information (contd.)

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (contd.)
E	The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010 RM	2009 RM
Inter-segment assets/liabilities elimination - subsidiaries	43,173,411	216,565,308

44. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 28 April 2011.

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45. Supplementary information - breakdown of retained profits into realised and unrealised

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

	Group 2010 RM	Company 2010 RM
Total retained profits of the Company and its subsidiaries		
- Realised	225,210,181	60,339,655
- Unrealised	(5,340,164)	-
	219,870,017	60,339,655
Total share of retained profits from associate		
- Realised	(2,007,231)	-
- Unrealised	-	-
	217,862,786	60,339,655
Less: consolidation adjustments	(83,543,771)	-
Retained profits as per financial statements	134,319,015	60,339,655